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PARENTAL AND MEDICAL LEAVE ACT OF 1987

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
CHILDREN, FAMILY, DRUGS AND ALCOHOLISM

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

S. 249

TO GRANT EMPLOYEES PARENTAL AND TEMPORARY MEDICAL LEAVE UNDER CERTAIN CIRCUMSTANCES, AND FOR OTHER PURPOSES

FEBRUARY 19 AND APRIL 23, 1987, WASHINGTON, DC
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PARENTAL AND MEDICAL LEAVE ACT OF 1987

THURSDAY, FEBRUARY 19, 1987

U.S. SENATE,
SUBCOMMITTEE ON CHILDREN, FAMILY,
DRUGS AND ALCOHOLISM,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:32 a.m., in room SD-430, Dirksen Senate Office Building, Senator Christopher J. Dodd, (chairman of the subcommittee) presiding.

Present: Senators Dodd, Harkin, Adams, Thurmond, Cochran, and Hatch.

Senator DODD. Good morning. The Subcommittee on Children, Family, Drugs and Alcoholism is conducting its very first hearing this morning of the 100th Congress.

The subject of this hearing, as you all know, is the Parental and Medical Leave Act of 1987, which I have introduced along with my colleague from the Senate, Senator Arlen Specter, from Pennsylvania.

Before I get to my prepared opening statement this morning and we hear from our witnesses, Senator Specter has been gracious enough to come by here this morning. With his schedule as busy as it is, I am going to ask him if he has any opening comments to make about this legislation, and then we will proceed with the hearing.

Senator Specter?

OPENING STATEMENT OF SENATOR SPECTER

Senator SPECTER. Well, thank you very much, Mr. Chairman.

I very much appreciate your deferring to me, even in advance of your opening statement, because I have another commitment at precisely this time.

I am delighted to be here. I am delighted to join you in cosponsoring this very important legislation. My principal purpose in being here this morning is not as your cosponsor, but to introduce a constituent who will be testifying.

In line with appropriate Senators' response to constituent requests, I had a request by this constituent to sponsor or cosponsor a bill on parental and medical leave. And before taking a look at the substance of the measure, I agreed instantly. And after taking a look at both the requester and the substance, I was glad that I had.

I am delighted to introduce Councilwoman Joan Specter, who has been the sponsor of a similar measure in the City of Philadelphia on parental leave. I am confident of her character, her trustworthiness, her credibility, and the substance of what she will be offering here by way of testimony this morning.

Senator **Dodd**. I will be interested to hear if she says the same things about you. [Laughter.]

Senator **Specter**. I am going to be leaving so that I do not run any risk of hearing any of that.

Thank you very much, Mr. Chairman.

Senator **Dodd**. Thank you very much, Senator.

I am going to call Mrs. Joan Specter to the stand first, if we can. The reason I am putting you out of order, so everyone knows, is that you have a council session in Philadelphia, and you have a train to catch to get back. So we appreciate your being here this morning to testify.

I should tell all of you that Mrs. Specter is a councilwoman in the city of Philadelphia. She introduced the municipal parental leave bill which is, I understand, now the policy of that city. She also is a small businessperson who employs in excess of 25 people in her own business, so brings to this issue not only a legislative experience, but also a business experience.

We are delighted that you are here this morning, and also delighted that you were able to exercise some influence on a colleague of mine on this issue as well.

Mrs. Specter?

STATEMENT OF JOAN SPECTER, COUNCILWOMAN, CITY OF PHILADELPHIA, PA, AND OWNER OF "JOAN SPECTER'S DESSERTS"

Mrs. **Specter**. Thank you very much, Senator Dodd. I am very delighted to be here today.

In 1984, a woman came to my office who was trying to adopt a child. She said that she had gone to her supervisor to request time off, and the supervisor told her that she could take her 2 weeks' vacation time, but that she could not take any more. The woman informed her supervisor that she needed 6 months because she was adopting an infant, and that was the requirement of the adoption agency.

Her supervisor then informed her that that was fine with her, except that if she took the 6 months off, she could not expect that her job would be there. So she came to me and she asked me what could be done.

I went before the Civil Service Commission and suggested to them that they ought to reconsider the appropriateness of what they were doing in terms of adoption. And, as we began to discuss the issue, we decided it would be more practical to have something called parental leave in the city of Philadelphia, which would give both men and women time off for child-rearing—that is, those who had a child naturally or those who adopted a child.

So in 1984, the regulations of the Civil Service Commission were changed, and today in the city of Philadelphia we have parental leave. Men and women can take 6 months' unpaid time off for child-rearing.

The question is, What is the Philadelphia experience? Have many people taken the time off? Has there been abuse of the system?

Unfortunately we do not have any statistics, and as a result of this hearing, I will begin to ask the Civil Service Commission to collect statistics on that. But I can tell you that every year we have a Comptroller's report on absenteeism and other things, and this has never come up in the Comptroller's report.

I believe that if there were an abuse of this or if it were excessive, we would certainly see it as part of the Comptroller's report. But I will ask the Civil Service Commission to look into it statistically in the future years.

As a small business owner, I own a manufacturing company, a company that manufactures pies. I have owned it for nine years, and we employ 25 people, 20 of whom are bakers and 5 of whom work in the front office.

So the question is, How would it be if one of my bakers or someone in the front office asked for 4 months leave? Well, I can tell you that on any given day, I never have a full complement of people. There is always someone out, and they are out because of child care, or alcoholism, or they are sick, or they just did not get up in the morning. And usually I do not know about it until I call their home and ask them if they are coming in.

I would suggest that I would like very much to have something called parental leave all the time, so that they would give me advance notice that they were not coming in to work. And that is really what part of this bill does. It at least informs the employer that someone is going to be requesting at a certain time time off.

Is it difficult when people are out—I just had an experience with someone who was out on workmen's compensation for 6 months, my assistant supervisor on the night shift. He was invaluable, because he locked up. You need someone who is trustworthy to lock up, and he was out for six months. Yes, it was very difficult. Did we hire someone else to replace him? No, we did not. We switched around the workloads so that we could manage during the period of time that he was out.

It is not pleasant, and it is not always easy, but you can manage, and things can work out.

I employ people who earn probably anywhere between $4.50 and $8.50 an hour, basically, and the bakers, and so by and large those people cannot afford to take very much time off. What they really need to know is that if they take the time off legitimately, they can be assured that they can have their job back. That is the very most important thing that my employees need to know—that their job is secure for them. If they know that, then they can more easily take legitimate time off.

Senator DODD. Thank you. I appreciate your comments.

Is the bill you adopted in the city of Philadelphia for municipal employees—and how long has that bill been in force?

Mrs. SPECTER. Senator Dodd, it has been in effect for two years, and it is for 35,000 municipal employees.

Senator DODD. I think it would be extremely helpful to this committee if we could get some data on how much that leave policy has been used and what the experience of the various agencies in the city has been as a result. Is it parental leave or maternity leave?

Mrs. **Specter**. It is parental leave.

Senator **Dodd**. So it includes both men and women?

Mrs. **Specter**. Both, and it is 6 months.

Senator **Dodd**. Well, we would be very interested in getting that data.

You have adopted your own parental leave policy within your own business?

Mrs. **Specter**. Yes.

Senator **Dodd**. And I am sorry, I did not hear you say how long a period of time it was for.

Mrs. **Specter**. Well, I offer to my employees as much as we offer to the city of Philadelphia. I really could not offer less. But by and large, as I say, Senator Dodd, my employees really could not afford to take that kind of time off. But they like the idea that there is some security in knowing that they have some time that they could take off.

Senator **Dodd**. And you retain their benefits, of course, during that period of time they are off, their health care benefits?

Mrs. **Specter**. My employees do not have health benefits.

Senator **Dodd**. Well, I thank you for being here this morning. I am sure the other witnesses will understand your testifying ahead of them. We would request that information; it would be extremely helpful to us.

Thank you very much.

Mrs. **Specter**. Thank you, Senator.

OPENING STATEMENT OF SENATOR DODD

Senator **Dodd**. Before proceeding to our next group of witnesses, let me share some thoughts with you as the chairman of this subcommittee.

I am delighted that this hearing on parental leave is our first hearing. We have a number of very, very important issues that this subcommittee will be addressing in this Congress, ranging from child abuse to special needs adoption to the activities of the National Institutes of Drug Abuse and Alcoholism and Alcohol Abuse, which are up for reauthorization this year.

This morning's hearing, however, focuses, as you all know, on legislation which cuts across all of these issues that are so vital to the future of the 64 million Americans who happen to be children. That issue, of course, is parental leave.

In fact, of all the other issues we will be looking at in this year in this Subcommittee, all relate in one way or another to the concept of parental leave. In this brief statement, I will try and describe very briefly the legislation before us, what the effects of this legislation are likely to be, some of the arguments on both sides, we will be hearing this morning, and the plans of this subcommittee in the coming year on this issue.

The Parental and Medical Leave Act of 1987, which I reintroduced on January 6 along with Senator Specter, would promote the economic security of families by providing for parental leave upon the birth, adoption or serious illness of a child and temporary medical leave when a serious health condition prevents a parent from working.

Because such leave would be unpaid, I believe that it will not add to the deficit, nor to the economic burdens carried by employers; yet it will provide parents with continuing health benefits and a most important assurance, that of a job when they are ready to return to work.

In recognition of the special problems often faced by small employers, businesses with fewer than 15 employees would be exempted from the provisions of this bill.

I had introduced identical legislation last year and encouraged my colleagues to give it due consideration during the 99th Congress. But I was unable even to achieve any hearings on this subject at all. Over the past several years, politicians of both parties, liberal and conservative, have used the theme of "family" over and over and over again, in one speech after another, to advance a particular agenda; pro-family issues, pro-family speeches have become sort of standard in this country.

Well, my hope is that with this legislation we might finally do something about families and not just talk about them. So I have introduced the parental leave bill.

I must also tell you this morning that my intentions and plans are to take these hearings across the country, to various regions of the country, so that people who cannot afford to come to Washington will have an opportunity to talk about this legislation at a regional level.

Let me also tell you some of the things we are going to hear this morning from various quarters. These will not be any great surprise; we have heard many of these things before. We are going to hear that unpaid parental leave will cost in excess of $16 billion; that it is going to add substantially to the Federal deficit because we will have hundreds or thousands of new Federal employees; that it will leave us defeated at the hands of our international competitors, and that it will ultimately result in discrimination against women in the work force.

Other witnesses are going to tell us in stark contrast that unpaid parental leave will improve our chances against competition overseas, that it will save us money, and that it will cost the Federal Government nothing at all.

The arguments about the billion dollar costs associated with parental leave have a familiar ring to them. In 1963, the Chamber of Commerce and the National Association of Manufacturers opposed the Equal Pay Act by contending it would, and I quote, "fix an army of Federal bureaucrats on the businessman." In 1978, the Chamber testified against the Pregnancy Discrimination Act on the basis that it would incur monumental costs, reduce the competitiveness of products or services in the marketplace, and cause employers with a "large proportion of female employees" to drop their disability plans entirely.

A nice postscript to all of these statements by the Chamber, I might add, ironically, was made last year with respect to the Pregnancy Discrimination Act—and I quote the Chamber on this—"It is a fair and appropriate policy which the Chamber supports."

Given that, I do not expect the witnesses representing the Chamber today to change their minds that quickly about this legislation, but I hope that they will at least be willing to consider the concept and even offer some positive suggestions as to how we might improve the bill.

We are also going to hear from the National Association of Working Women, Nine to Five; the National Council of Jewish Women; the Yale Bush Center in Child Development and Social Policy, and others.

And today, Senator Specter and I will be sending a letter to the General Accounting Office asking for an objective review and analysis of all possible costs and benefits associated with unpaid parental leave. Given the fact that we will be getting suggestions from both sides of no cost or exorbitant cost, it seemed an appropriate step to take.

It is important that members of this Subcommittee and their staff all hear the various sides of this story, and not just the arguments of one or two particular interest groups. We must keep in mind that the most important group affected by this legislation will not be testifying here this morning, namely, the one out of three Americans who are children.

The time has come when we can no longer ignore the changing demographics of our work force and its effects on children and their families. Today close to half of all mothers with infants under the age of one work outside the home. That figure has doubled since 1970 and shows absolutely no signs of abating. In fact, 85 percent of all working women outside the home are likely to become pregnant at some point during their childbearing years. Probably everyone in this room today knows of at least one new mother or father who is trying to juggle taking care of a new infant with returning straight back to their jobs outside of the home.

The reasons for this are not very subtle. Men and women are in the work force out of economic necessity today. Two out of every three women working outside the home today are either the sole providers for their children or have husbands who earn less than $15,000 a year. And given that two out of every three children are added to the poverty roles since 1978 have come from families in which only one parent is working full-time year-around, it is not too difficult to see the importance to families of having two wage-earners.

In short, the wages of both mothers and fathers today are critical to the support of their families. Many members of the Senate will tell you that the case work coming through his or her office makes it impossible to ignore the adverse consequences of forcing parents to choose between their children and their jobs.

For example, all of us should know that children do not fare well when their parents undergo severe economic stress. Between 1985 and 1986, the death rate from physical child abuse soared by some 30 percent in this country. The experts will tell us that far too many of these deaths can be linked to unemployment and serious economic stress—issues which this Full Committee will be looking at through other subcommittees this year.

But in this Subcommittee, we ought to at least help guarantee that parents who already have jobs do not lose them because they have to spend unpaid time at home upon the birth, adoption or serious illness of a child.

Two years ago I joined with some of my colleagues across the aisle to address the serious charges of medical neglect in what are termed "Baby Doe" cases. And we succeeded in laying down procedures that States must follow in guarding against such medical neglect.

But all the work we did and must review this year in terms of the child abuse reauthorization statutes make no sense whatsoever unless we also ensure that the parents of those "Baby Doe" children can stay with the child at the hospital without losing their jobs during the critical first weeks of that infant's life.

But just as importantly, over the past few years, this Committee has focused on encouraging the adoption of so-called "special needs" children. They are the children without permanent homes who have mental, physical or emotional handicaps. They are also older children who are members of sibling or minority groups.

We can do all we want in terms of strengthening the adoption opportunities programs in this country—and Lord knows, every member of Congress has talked about trying to improve and make it easier for these children to be adopted. Yet we know—we know—that until we make parental leave a national priority, countless of these prospective adoptive parents will be unable to take the requisite time off from work to adopt in the first place. Agencies routinely require that parents stay at home for several months with the adoptive child in order to qualify for adoption in the first place.

And last but not least, Congress spent a great deal of time passing omnibus legislation last year to combat drug and alcohol abuse. But until we ensure that workers will be able to take unpaid leave to get adequate treatment, we will only be completing half the task in that serious problem.

The legislation before us today will at least try to make some impact on these and many other issues relating to children.

In closing, last month the Supreme Court, as many of us know, made history with the so-called Cal-Fed decision by guaranteeing the rights of working women with infants. The woman in question in that case, Lillian Garland, was a receptionist who was not earning a big salary—not a "yuppie" by any stretch of the imagination. She had to take leave from her job as a result of a difficult pregnancy and delivery. She could have made ends meet so long as she had a job and she returned to work. The Court backed up that right for her and for women in other States with maternity disability statutes similar to California's.

But the Senate now has a broader policy question to address with respect to unpaid parental leave—whether the same job protection should be extended to mothers for parenting leave and not just for recovery from pregnancy, or to fathers, adoptive parents, and other workers. This hearing is an important first step toward that answer.

Before I call our first panel of witnesses, let me turn to my good friend from South Carolina, Senator Thurmond, for any opening statements he may have. I am delighted you are here this morning.

OPENING STATEMENT OF SENATOR THURMOND

Senator THURMOND. Thank you, Mr. Chairman.

Mr. Chairman, I am very pleased to be here at this first hearing we have had since you have been Chairman of the Subcommittee, and though we may differ on a great many things, since our philosophy is somewhat different, I expect to cooperate with you wherever I can.

Senator DODD. I thank you for that.

Senator THURMOND. Mr. Chairman, I am looking forward to receiving testimony today about the parental leave legislation you have introduced. I have indicated to you in previous discussions that I have serious reservations about this measure.

Nevertheless I welcome the input we will receive from these witnesses, and I intend to listen carefully to all the views expressed today.

I believe parental leave is a worthy benefit. If a company wishes to offer this benefit to an employee—and many do—it is to be commended.

However, I am concerned about whether a Federal mandate in this area fully takes into account the varying needs and circumstances of employers and employees. Family needs are diverse. One family may want a parental leave benefit; another may prefer to choose a different benefit from among the wide range of benefits now being offered by many companies.

I am concerned that this legislation may impede the trend that is now developing in the workplace whereby employees are able to choose from a whole range of benefits and tailor them to meet their individual needs. This trend is cited in John Naisbitt's national bestseller, "Megatrends." In this book, Naisbitt has outlined 10 major changes taking place in America. It has been called by some a "road map to the future." One such area of change is the emerging new relationship between employees and employers. According to Naisbitt, previously, a large company had to treat all employees the same because that was the only way to keep track of them. Now, with the computer to keep track, employees can be treated differently, with a unique contract for each.

Naisbitt concludes that the technology of the computer allows businesses to have a distinct and individually tailored arrangement with each of thousands of employees.

An employee can now decide to have a certain combination of salary, pension, health benefits, insurance, flex-time, job sharing, vacation arrangements, and job objectives.

This wide range of benefits results from the energy, vitality, and flexibility of the private sector, and shows the ability of American business to respond to the changing needs of the work force.

Mr. Chairman, no country has a higher percentage of women in its economy than the United States. America has led the Western industrial nations in economic growth and job creation. Moreover, it is my understanding that other nations with generous maternity leave benefits find their women of childbearing age frequently unemployed or clustered in low-paying jobs. We should not be asked to look to these other nations as role models when many have stagnated economies.

I am concerned that while the intent of this legislation may be meritorious, it will have a detrimental impact on those very people it seeks to help.

Mr. Chairman, as we hear from these witnesses today, I will be particularly interested in their views about these concerns. While my schedule may not permit me to stay for the entire hearing, I look forward to reviewing the testimony presented today.

I might say that I have stacks of letters here from small business people who are deeply concerned about this legislation. I will not take the time to read them now, but I may place some of them in the record.

Senator DODD. If you would like, that would be fine.

Senator THURMOND. I just want to say that this is a matter of grave concern. Some employers give some benefits, some give other benefits—and are we going to deny employees the right to choose the benefits they want, and thrust on them this particular benefit and deny them other benefits that they might prefer?

Thank you, Mr. Chairman.

Senator DODD. Thank you very much.

Senator Adams, we welcome you this morning as well. Do you have any statement you would like to make at the outset?

Senator ADAMS. Only a very short statement. I am pleased to join with you, Mr. Chairman, in this effort. As you know, during the course of the morning we have the nuclear test ban markup, so I will be in and out, and that is not from lack of interest in this hearing, which I consider extremely important, but the fact that we have to be sometimes two places at the same time.

I am very much in support of the concept that you have outlined and that we are holding hearings on this morning. It is a pleasure to be here, and I am looking forward to the testimony of the witnesses.

Thank you.

Senator DODD. Thank you very much. I appreciate that.

Senator Cochran, from Mississippi.

Senator COCHRAN. Good morning. I do not have any statement, but I just wanted to greet you and compliment you on convening this hearing. I look forward to hearing the testimony of the witnesses.

Thank you, Mr. Chairman.

Senator DODD. Our first panel of witnesses this morning comes with very special expertise. These are all working parents, and it is their attempts to combine parenting with work outside the home that we will hear about.

I would ask Barbara Ferguson Kamara to come forward. Barbara is an adoptive mother. She is the executive director of the Office of Early Childhood Development in Washington, DC, and she is testifying here in her capacity as the mother of an 11-year-old adopted daughter.

Joining her at the witness table is Jean Goebel, an adoptive mother from my home State of Connecticut, Weston, CT. She is the mother of a 3-year-old boy and a little girl, Jessa, who came all the way from Poland. She is a former flight attendant who is now looking for work, and she will explain why that is. Many of you may have seen Mrs. Goebel on a recent national broadcast about this very issue, with her new child, Jessa.

And Jim Weeks is a father; he is from the United Mine Workers of America. He is an employee of that organization and will be testifying in his capacity as a father, to tell us about his personal experience about parental leave.

I am delighted to welcome all three of you here this morning.

Mrs. Kamara, we will begin with you if we can. Any statements you have will be included in their entirety in the record. If you would like to abbreviate them, or read them, whichever you feel more comfortable with, we will be delighted to receive them.

Mrs. Kamara?

STATEMENTS OF BARBARA FERGUSON KAMARA, ADOPTIVE MOTHER, AND EXECUTIVE DIRECTOR, OFFICE OF EARLY CHILDHOOD DEVELOPMENT, WASHINGTON, DC; JEAN GOEBEL, ADOPTIVE MOTHER, WESTON, CT; AND JIM WEEKS, FATHER, UNITED MINE WORKERS OF AMERICA, WASHINGTON, DC

Mrs. **Kamara**. Thank you, Chairman Dodd and honorable members of the subcommittee.

I am very appreciative of the opportunity to testify before you today about the critical importance of including leave for adoptive parents in your paternal and temporary medical leave bill.

I am here to tell you about the fight I had to wage 11 years ago when my husband and I decided to adopt, and the advocacy I have engaged in since that time to help other individuals and couples who are interested in adopting.

First, let me say, Senator, how pleased I am as a child development expert with your continued leadership to push both the public and private sectors to take concrete steps to help families better care for their children, as well as other dependent family members. I will talk briefly at the end of my testimony about some of my current work with the District of Columbia government on behalf of families, in my official capacity as Executive Director of the Office of Early Childhood Development, because we are working to strengthen our family-oriented personnel policies along some of the lines spelled out in your bill.

In 1976 when my husband and I decided to adopt, I was at the time director of the Learning Institute of North Carolina's Leadership Development Program, an eight-State training centers for both Head Start Programs across those eight States, and we did some things with public schools in the State of North Carolina. We also had a demonstration center for 3- to 5-year-old children.

To demonstrate LINC's commitment to our employees with children younger than age three, we developed our own employee child-care center. So it did not really occur to me that trying to take time off to spend with my adopted child would really be a problem. But little did I understand how complicated it would be.

The complications began when the social worker doing the home study first told me I would have to take a year off in order to be approved for adoption. I knew that a year was absolutely out of the question with my position.

Besides, when I questioned the worker about whether or not she had children and how much time she had taken off, she indicated that she did have children—she was a biological parent—and that she had only taken off six weeks from her work for maternity leave.

Eventually we convinced the adoption agency that, while I certainly believed taking some time off once our adopted child was placed with us was critical and something I wanted to do, I would not be able to take off the year that they had originally said was necessary.

In the meantime, my employer was telling me that they did not allow time off for adopting a child. Only biological parents were eligible for time off. And then I discovered that there was a local business which did give adoptive parents $500 toward their cost of adopting a child, so I insisted to my boss that if we held ourselves out to the community as a model employer which helped employees with children, we certainly could provide some sort of benefit for adoptive parents.

Besides, I had accumulated a substantial amount of sick and annual leave which I was perfectly happy to use. But of course, taking time off to care for a newly adopted child was not necessary because I was not sick, so my sick leave time was not allowed to be used.

To summarize my 4-month negotiating ordeal, I finally was able to convince my employer in the name of being a "child care agency" to allow me four months leave of absence. I was able to use up my vacation time, but the rest I had to take without pay.

As I indicated before, child development is my field of expertise, so I feel very strongly about the importance of taking this minimal amount of time off to begin the bonding process with my daughter, who was 2 months old at the time of the adoption.

It seems to me that on some level, parental leave for adoptive parents may be even a bit more critical than for biological parents to the extent that adoptive parents do not have the 9 months of the pregnancy to begin the adjustment and binding biological parents are privileged to experience.

I would also like to note that my husband was allowed no time off when our daughter came home, and he had to take annual leave for the 2 days we had to travel across the State of North Carolina to pick her up and bring her back to our home.

I would like to spend more of my time, Senator Dodd, discussing other problems we experienced with the agency in the process of adopting which I believe, coupled with employment barriers, serve as strong disincentives for many black individuals or couples to even consider adopting. But I realize that this is not the focus of your hearing today. So when you get ready to consider the Adoption Opportunities Act, I would certainly be glad to come back and talk more with you about those experiences.

The important point I want to focus on today, however, is that our negative experiences with the adoption process led my husband and I to become advocates, with our other friends and other interested parties, to help make changes in the adoption system which were critical to help more black children waiting for adoptive families.

Because the adoption advocacy we launched into was in my "spare time" I do not have fancy reports and statistics to give you on the outcomes of any systematic changes or new adoptive families we were able to create. But I can tell you that to this day, adoption agency practices and lack of parental leave remain as two very significant barriers for many black individuals and couples I know who otherwise might consider adopting at least one of the more than 36,000 children we know are legally free in the foster care system and waiting for an adoptive family.

Finally, in my capacity as Executive Director of the Office of Early Childhood Development for the District of Columbia, the Mayor has asked that we evaluate flexible work hour and leave programs for parents who are D.C. Government employees. In addition, we are trying to develop options to meet the diverse needs of working families with young children.

In conclusion, I am most appreciative of the opportunity to testify before you today in support of your parental and temporary medical leave bill. Now that approximately half of all mothers with children under age one are in the work force, and there are still 36,000 children waiting for adoptive families, I believe this proposed legislation represents the minimal first step this country must take to assure all children a sound early childhood so that they may become the next generation of caring parents, advocates, elected officials, and proud, productive citizens of this great nation.

Thank you.

Senator Dodd. Thank you very much, Ms. Kamara. That was an excellent statement, and I appreciate it very, very much.

Ms. Goebel, we welcome you to Washington this morning and really appreciate your taking the time to appear.

Ms. Goebel. Thank you, Senator Dodd.

As an adoptive parent, I cannot express how important this hearing is to me. When the story of my adopted daughter was picked up by the news media, I received several phone calls and countless letters from potential adoptive families who feared the same thing that happened to me would happen to them, and that was the loss of a career in order to take off time to adopt a child.

When I adopted my first son, Will, I had to fight to get the time off to be with him. When I went through the second adoption, for Jessa, the time off was denied to me by my company, since they said I was "only adopting," and they did not feel this was a convenient time for them, and denied me the time off, stating that if I went, I would be terminated.

We went to Poland a second time, made a second date in Poland to go, as is required in order to adopt a child there. My husband and I discussed the delay because we realized that the cost of the adoption in addition to the loss of my 14-year career would place definite financial strains on our family.

When I finally went, it was without the permission of my company and since, after setting a second court date in Poland, I did not feel I could postpone it to a later time. Once again, I did not want my daughter to be in an orphanage any longer than possible.

As it was, Jessa was a victim of institutional care. She was very underweight. She had had several viral infections, as well as malnutrition and anemia. At the age of 9 months, Jessa was picked up only to be fed and changed. She never had any solid food, and had never been put on her stomach to sleep, play or crawl, since her diapers were tied to her by a huge knot in the middle of her stomach.

I brought her home, and during the entire 12-hour flight, she screamed and cried. She did not even realize that I was her new mother. The doctors called this "stranger anxiety."

I was, as you can imagine, a nervous wreck, because Jessa was very, very close to the Chernobyl nuclear accident. Consequently, when I got her home she was subject to many, many nuclear tests as well as neurological tests, because my doctors felt that even though she was nine months old, she was at a 4-month level. Luckily, all the tests came back normal.

My anger about this heightened. I had spoken to the Labor Department, the EEOC and the Attorney General's Office. I learned that since I was "only adopting" and not giving birth, that I fell within the legal cracks. Technically, I was not a mother, because my way of giving birth could wait.

Basically, the laws state that as an adoptive mother, you are not recognized as a mother, since I was not physically disabled due to giving birth--never mind the fact that I was close to emotional incapacitation due to worry about my daughter and her proximity to the nuclear disaster.

I thought that once she had a week or two at her new home, she would stop her hysterical, unending crying. This was not the case. For 2 months, Jessa cried every waking moment. I had to force-feed her in order for her not to be hospitalized for failure to thrive.

After 2 months, Jessa appeared to calm down while simultaneously, my older adopted son, Will, was diagnosed as learning disabled. I had been so busy with Jessa, I had not been able to give Will as much attention as he needed.

As you can see, there was a tremendous amount of emotional stress; also, financially, the cost of the adoption, plus the loss of my 14-year career at a salary of $35,000 annually, became a big strain to our family.

Two months later, I began to search for a new career path. However, I found that I was being considered for jobs between $12,000 and $15,000 per year. As a two-income family for 10 years, the loss of my income was a devastation. After all this, I felt that I had been put in a deep hole of depression. I had one adopted son with learning disabilities and a newly adopted daughter who shunned my desire to love her.

Slowly the children's problems began to reverse. Both Jessa and Will are loving children. Although I did not find a new career path to help pay for the family expenses, we somehow maintained a level of financial stability. Things began to be looking up.

After all the emotional and financial stress the family went through, 5 months after Jessa joined my family, my husband filed for divorce, after 11 years of marriage, leaving me with my 13-month-old daughter Jessa, at the time, and Will, who was 2½. To date, I am still unemployed and have no prospects for any career path at this time.

However, I am optimistic that surely something will come along. Things have got to get better. I count my blessings every day, and their names are Will and Jessa, who are loving, beautiful and healthy children.

I would like to, if possible, make a brief statement from the Connecticut Adoptive Families Group.

Senator DODD. Surely.

Ms. GOEBEL. Many of us have lost wages, benefits, even jobs as a result of lack of legislative protection of our rights as parents. The essential need for any parent to have time to care for and bond with their new child has largely been ignored in parental leave laws. An initial period of uninterrupted time together is of paramount importance. The first few months of our lives together are not only precious; the quality of the bonding between parent and child which occurs then can affect a lifetime relationship.

Please help adoptive families become recognized as the parents we are, with every right of every other American family.

Senator DODD. Thank you very much, Ms. Goebel.

Mr. Weeks, thank you for being with us this morning.

Mr. WEEKS. Good morning. I have a brief statement to make.

My name is Jim Weeks. I am employed by the United Mine Workers here in Washington, DC. I very much appreciate the opportunity to testify in support of this bill, and Senator Dodd, I appreciate your efforts and the efforts of your colleagues in sponsoring it.

I am the father of two children; I have a boy, age 5, and a girl, age 2. When our daughter was born, I was granted 3 months' parental leave by the United Mine Workers. I should also mention that when my son was born 5 years ago, I also took some time off at that time.

Let me give you some details about my leave. For the first month, my health insurance coverage was provided by the Mine Workers, and the remainder was paid for by me, at a modest cost of about $234. This continued the same coverage that we had been receiving before that time.

During my absence, many of my ordinary duties were taken up by other employees at the union, but there were some that I had to attend to myself. For this work, I was paid at an hourly rate. Doing the work was possible because I could take it home—other workers might not be able to do this—and relatively easy, because our daughter was healthy and a very easy-going child. Altogether, I worked about 20 hours during my leave.

The principal reason for taking this leave was entirely practical. Both my wife and I work. During the pregnancy, my wife had to remain in bed for five weeks. Although she was able to do some work at home, her being in bed severely constrained her ability to keep up with her work. When our daughter was born, she took an additional month off.

At this point, not only was she behind in her work, but she was also facing a series of deadlines. In her case, she had already had to take considerable time away from work due to factors entirely beyond her control.

Since it was easier for me to take time off, I spent the next 3 months with our daughter at home. Now, for us, three months was sufficient. We were able to hire a very qualified person to look after our two children in our home. For others, I think 6 or more months may be necessary to arrange satisfactory infant day-care. Infant day-care is expensive, it is very difficult to get, and in my opinion, it is not a terribly good idea to take very young infants and place them in day-care outside the home.

I strongly support the bill that you are considering. It would provide families with opportunities, very important opportunities, to provide for their children, and it would, in my opinion, reduce incentives to discriminate against women of childbearing age. If it is possible for fathers to take leave, then it is not necessary for mothers to take it.

You already know the growing number of women entering the work force, the growing number of two-wage-earner families, and the growing number of single parents. The traditional family—with the father the sole source of income and the mother the sole caretaker of the children—is no longer the family for the majority of Americans.

These jobs within the family are now shared, or they are done by single parents, most of whom are women. This change has come about because of women's drive for equality and out of sheer economic necessity.

The issue is whether social policy will keep pace with social change and whether we as a society are going to support families as they are and provide opportunities for those families to care for their children. For families in all their forms, I think parental leave with job protection is a minimum essential support against unnecessary job loss.

And while the other panelists were speaking, I was struck by one thing. I am a white male; we have healthy children; I am a biological parent, and I have a stable marriage—and yet, I am the one who got the leave. I think if we just leave things to their course, this might replicate existing patterns of inequality, which I think we are all opposed to.

That concludes my statement, and I will be glad to respond to questions.

Senator DODD. Thank you very much, Mr. Weeks, for your comments.

We have been joined by Senator DeConcini, and I would be remiss if I did not point out that Susan DeConcini, the Senator's wife, is an excellent advocate of child-care issues. In fact, she gave one of the best presentations I have ever heard in front of my corporate community in Connecticut a year or so ago, about the importance of child-care. I know she is somewhere in the audience here this morning. Her husband, Dennis, is also a strong supporter of these issues, and we are delighted to welcome you this morning, Senator. If you have some comments you would like to make, we would be glad to hear them.

Senator DECONCINI. Mr. Chairman, I will be brief, and I thank you for those comments, particularly to my wife, who was very instrumental in me focusing on this issue in my capacity as a Senator from the State of Arizona.

I want to commend you, Mr. Chairman, for holding these hearings and moving in an effort to bring attention to the plight of American families, and especially the children. You are a leader in this body and in America, and I am glad to join you in the Children's Caucus, and you are very kind to let me be with you today in this Labor hearing.

Mr. Chairman, America's economy requires us to find ways to utilize the talent and energies of both men and women in order to foster a strong and secure nation. The number of working mothers continues to grow rapidly. Many families are without fathers to contribute to their financial well-being. At the same time, the modern American family cannot find nor afford the cost of childcare.

I am pleased that this vital issue is being expeditiously addressed by this committee and by the Children's Caucus, and I appreciate the efforts of Senator Specter, as well, in bringing S. 249 to the Senate's attention.

I am a strong supporter of any well-considered effort to come to grips with this escalating threat to out nation's children. No component of our nation can be considered more important than those who will provide the manpower and brain power that will guide this country's future.

The fact that these hearings are being held here, before a Labor subcommittee, recognizes that the issue goes beyond one of social welfare and includes the ability of American business to tap all available human resources.

Mr. Chairman, while I am supportive of S. 249, I am open to consider additional options to employers to offset some of the additional costs of providing additional parental and medical leave benefits. I believe the matter requires immediate implementation and that the legislation must express the Congress' unequivocal commitment to this end.

On the other hand, I am more than willing to follow up those options with provisions that provide for more substantial noncompliance penalties. I am currently considering amendments which seek to increase the motivation for employers to expedite the provisions of the benefits, and where the law allows, retroactive benefits for certain parents who would need extraordinary relief prior to the effective date of this legislation. I believe such options would minimize the necessity of additional expenditures for enforcement by the Secretary of Labor.

I will be exploring these and hopefully, Mr. Chairman, I can consult with you and your staff. Again I want to thank you, Senator Dodd, for letting me be here and listen to some of this testimony, and thank the witnesses for coming forward with their candid approach to the real human need that has been overlooked for a long time.

Thank you, Mr. Chairman.

Senator DODD. Thank you very much, Senator DeConcini. That is a very worthwhile statement, and I will be glad to work with you. In fact, one of the things we announced this morning is that Senator Specter and I have asked the General Accounting Office to give us an objective assessment of the cost impact of this. We are going to hear testimony from various groups that talk about tremendous cost or no cost, or savings, and I think it is important that we get as objective an assessment as possible of what the impact of this proposal would be on employers. So we hope to have some answers to that fairly quickly, which I think will help in assessing the possible impact.

Senator DECONCINI. I think that will be very helpful information. Thank you, Mr. Chairman.

Senator DODD. Let me just briefly ask, if I may, a few questions particularly of Ms. Kamara and Ms. Goebel. Ms. Kamara, because you work in the area as well as having gone through the personal experience, perhaps you could answer first. On the special needs, we are going to have legislation come up again on the special needs adoption. Then perhaps you could comment, Ms. Goebel. What you went through was, of course, a unique situation in that you adopted a child out of the country, a child that was being kept in an institution fairly near Chernobyl. That added an element to the adoption which was certainly extraordinary.

In terms of special needs adoptions, what do parents run into with most agencies? Are agencies requiring that prospective adoptive parents spend a certain amount of time at home with the child before they would consider placing that child with those parents? How much time, generally, do agencies talk about as a requirement before that special needs child can be adopted?

Ms. KAMARA. The time required by agencies varies from jurisdiction to jurisdiction. At the time I was in North Carolina, as I indicated, they wanted a year, and they did ultimately compromise to say that when the child was 6 months, that then I could go back, as long as the worker came into my home every——

Senator DODD. I am sorry, how much time?

Ms. KAMARA. The child had to be 6 months old before I could go back to work. She was 2 months old when we adopted her, so I stayed at home for 4 months.

Senator DODD. In other words, if you would not be willing to make that commitment, then you could not adopt the child?

Ms. KAMARA. That is what they had indicated.

Senator Dodd. And roughly how does it work in other States, in terms of just ball park figures?

Ms. KAMARA. I really do not have that information on what happens in other States. It really became a concern to us when the first child they brought to our attention, after we found out the child's foot was kind of bent, and I asked that they check on the child, and they found out that that child has cerebral palsy. Then they withdrew that particular child from adoption. But of course we were very concerned because we had the child's picture and had lots of things said, and I wondered what happened with that child, and we were never able to find out.

But in a situation like that, had we adopted such a child with cerebral palsy, I would be out today, waving that particular banner, and I know that the 4 months that I stayed home definitely would not have been enough time.

Senator DODD. Ms. Goebel, is your experience the same? I presume you were looking at other agencies for adoption? Was it your first choice to go outside the country?

Ms. GOEBEL. With my second child, yes. Adoption in general is not that easy to do, as you probably know. It takes a long time and is exceptionally expensive. I chose the country of Poland, because that was where my family background was from.

With regard to what the Polish Government required from me, they wanted me to stay home 6 months. However, at that point, I knew that that would not be a problem since I had already lost my job. So the first 2 months, there was intensive care, getting Jessa adjusted, and then the following 4 months I stayed, and then I began looking for work at that time.

With my first son, who was adopted locally in Connecticut, the agency wanted me to be home with the child for a minimum of 3 months, which I did.

Senator DODD. Which was a requirement for adoption?

Ms. GOEBEL. Yes.

Senator DODD. Mr. Weeks, lastly for you, did you feel that the time you took off was adequate, those 3 months that you took off?

Mr. WEEKS. In our particular case, it was adequate. We were prepared for a much longer period of time, because we were a high-risk pregnancy to begin with. Our son was born premature, and our daughter was threatening to come prematurely, also.

The other factor that made it adequate was that we were able to hire somebody that we felt was very highly qualified to come to our home and provide in-home day-care for her. We would have preferred to have it longer, and I think in many cases it would make sense to make it longer.

Senator DODD. And your wife had had a difficult pregnancy?

Mr. WEEKS. Yes, that is correct.

Senator DODD. And the ability of you to come home and stay with that child made it possible for her to get back to work, which would have otherwise been a stress, I presume, on her and her employment situation.

Mr. WEEKS. That is right.

Senator DODD. Do any of you consider yourselves "yuppies"? [Laughter.]

The Senator from South Carolina.

Senator THURMOND. I have no questions, Mr. Chairman.

Senator DODD. Senator Cochran.

Senator COCHRAN. Mr. Chairman, let me just express my appreciation for these witnesses being here this morning and helping the committee understand some of the practical problems that are encountered in the adoption of children and in the taking of leave from work, in the case of either natural childbirth or adoptive situations. You have been very helpful to the committee.

Thank you.

Senator DODD. Senator DeConcini?

Senator DECONCINI. Mr. Chairman, if I could ask Mr. Weeks just one question—I know you have got other panels here.

Did your employer require some proof or satisfaction that your leave was to be for the purpose that you testified here, or did they just take your word? I just wonder what the attitude is of your company and what-have-you.

Mr. WEEKS. Well, they did not require any proof, but it really was not in doubt. I brought her in a couple times. [Laughter.]

Senator DECONCINI. Well, that was the proof. I mean, if you sign up for leave, and you bring your wife in, that is the proof.

Mr. WEEKS. No, no; I brought my daughter in.

Senator DeConcini. Yes, your daughter; you bring your daughter in, and they see that. I just wonder if there is any suspicion, or if this is a very acceptable procedure with the company you were with.

Mr. Weeks. It was not a problem.

Senator DeConcini. No problem?

Mr. Weeks. No, not at all.

Senator DeConcini. And I wonder, do you have any information that it is ever a problem, that employers have some skepticism whether this is really what it is all about, and they are not looking for an extra week off?

Mr. Weeks. I suspect some employers are skeptical, but I do not know that that means it is a problem.

Senator DeConcini. Thank you.

Thank you, Mr. Chairman.

Senator Dodd. We thank all three of you again for being here this morning.

Our next panel is a panel of experts in the areas of child development, the status of women in the work force, and the economics of the labor force.

Dr. Ed Zigler is probably as well-known as any individual in this country in terms of early childhood development. He is the Director of the Yale Bush Center on Child Development and Social Policy. He has one of the rarest of combinations; he is both a scholar and a policymaker, and the 64 million Americans who are children are very lucky that he has been fighting for them for the past two decades. Dr. Zigler is the former head of the Office of Child Development Policy at the then U.S. Department of Health, Education and Welfare; he is now the Director, as I mentioned earlier, of the Yale Bush Center in Child Development and Social Policy. He is speaking this morning about the recommendations made by his landmark Yale Bush Commission on Infant Care, a Commission that he directed.

With him at the witness table will be Mr. James T. Bond, Director of the National Council of Jewish Women from New York. He has been involved in research on child and family issues for the past 15 years. He is the first Director of the National Council on Jewish Women's new Center on the Child, and the first major research project they have undertaken has focused on parental leave. They will be releasing the results for the first time today of that study. So we feel honored to have you with us.

And lastly, Cheryle Mitvalsky, who is a member of the Board of Directors of the Association of Junior Leagues, from Cedar Rapids, IA. In the past several years, the Junior League has made a real name for itself in policy and advocacy work on children's issues. In my home State of Connecticut, they did a landmark book called "Growing Up at Risk in Connecticut", which I sent to all 99 of my colleagues, in fact, as a product of Connecticut. Rather than books on submarines or nutmeg, I sent out that particular book, which did an excellent job of demonstrating that even in a very affluent State, just how risky it is to grow up in today's world.

As a member of the Board of Directors of the Association of Junior Leagues, I know that we will be hearing informed testimony from Cheryle, and we thank you for being here.

We will begin with you, Dr. Zigler. I thank you once again. I have seen you many times across the table, I think, in the last several years, and we are honored that you could spend some time with us this morning.

STATEMENTS OF DR. ED ZIGLER, DIRECTOR, YALE BUSH CENTER ON CHILD DEVELOPMENT AND SOCIAL POLICY, NEW HAVEN, CT; JAMES T. BOND, DIRECTOR, NATIONAL COUNCIL OF JEWISH WOMEN CENTER FOR THE CHILD, NEW YORK, NY; CHERYLE MITVALSKY, MEMBER OF BOARD OF DIRECTORS, THE ASSOCIATION OF JUNIOR LEAGUES, INC., CEDAR RAPIDS, IA; AND KAREN NUSSBAUM, PRESIDENT, DISTRICT 925, SERVICE EMPLOYEES INTERNATIONAL UNION, AND EXECUTIVE DIRECTOR, 9 TO 5, NATIONAL ASSOCIATION OF WORKING WOMEN, WASHINGTON, DC, ACCOMPANIED BY PEGGY CONNERTON, CHIEF ECONOMIST

Dr. **Zigler**. Thank you, Senator Dodd.

I testify before you today not just as a scholar who has for many years studied child and family life, but as a sort of small businessman. I employ a 35-member staff. Of these, five are currently on parental leave, and my accountant will be joining them next week. One of my other employees has taken two leaves to adopt two wonderful children. Even one of my temporary replacements has left as a result of pregnancy.

As a result, I am most sympathetic to the plight of small business when faced with the cost and inconvenience involved in granting parental leave, although I, like many others, including many small businessmen, recognize the need to do so.

My situation, though extreme, is not unique. In consequence, the infant care leave problem in the United States is of a magnitude and urgency that requires immediate national attention.

The work force today is comprised 63 percent of women. Eighty-five percent of these women will become pregnant during their working lives. Physicians have determined that women need time to recovery physically from the stress of pregnancy, labor and childbirth. Psychologists have cautioned that families need time to adjust to a new child.

Despite what physicians and psychologists tell us about these important first few months of life, many of the women in this country are forced, through economic necessity, to return to work within weeks after giving birth.

In response to this problem, the Yale Bush Center in Child Development and Social Policy convened a distinguished advisory committee, including an ex-Secretary of HEW and an ex-Surgeon General, to direct a 2-year study of our nation's infant care leave situation. Our goal was to evaluate the impact of the changing composition of the work force on families with infants.

Our work included the examination of research concerning the well-being of infants and their families, and the nature and cost-effectiveness of current parental leave policies in the public and private sector, small and large businesses, and in other nations. I will summarize and give you our conclusions.

Fifty percent of all mothers of infants under one year of age are in the out-of-home work force. Despite changing demographics in the workplace, the family remains the primary base for the well-being and development of children. The majority of female parents work because their salaries are vital to their families' economic survival. Families need time to adjust to the presence of a new member. The estimates of length of time vary according to individual health and family needs.

Many American families do not have the means to finance leaves of absence from work in order to care for their infants. More than two-thirds of the nations in the world, including almost all industrialized nations and, I might add, many Third World nations, have some provisions for parents of infants to take paid, job-protected leaves of absence to ensure physical recovery from labor and birth and to care for their newborns.

In the United States, Federal policy prohibits discrimination in employment on the basis of pregnancy. Employers are required to grant leave to women unable to work due to pregnancy and childbirth on the same basis that leaves are granted for short-term disabilities of any kind. Federal law does not mandate, however, that employers establish new disability benefits or provide leave to parents to care for newborn infants.

The Bush committee was especially concerned about low-income working parents and parents with premature, disabled, or severely ill infants. These families are under the greatest financial and emotional stress. Interim and partial solutions proposed by our Advisory Committee included employer implementation of such policies as flexible work schedules, reduced work hours, job-sharing, and child-care information and referral services.

Our primary recommendation was for an infant care leave policy that would allow employees an adequate period of time for parents to care for newborn or newly adopted infants and to enable mothers to recover from pregnancy and childbirth. Such a leave would ideally provide income replacement, benefit continuation and job protection. The leave we recommended would be available to either mother or father for a minimum of 6 months.

We concluded that financing a paid parental leave policy need not be fiscally onerous. Our research indicates that employer-employee contributions toward an insurance fund to finance a leave would serve this purpose well.

As Governor Kean of New Jersey has pointed out in a forthcoming book that I edited, the maximum employer contribution of $53.50 per year necessary to finance the system that provides wage replacement for all employees during a period of any physical disablement is a small investment that promises large returns. Further, Governor Kean concludes that there is no evidence that such contributions have caused significant economic strain on employers.

Families are in crisis—and I conclude on this point. Please be aware of the magnitude of that crisis. You have heard it already from your witnesses. And they are looking to the government for help. Families are a bipartisan issue. I applaud the efforts of this Congress and this committee to examine a nationwide parental leave policy.

While I do not feel that this bill goes far enough, it is an absolutely necessary first step. Perhaps its greatest value may be in sending a message to our nation's families that indicates we recognize the problems they are facing and that our Congress is working toward a solution.

Parental leave is critical to the healthy development of children and families. The bill under discussion indicates that the Congress has become attuned to the real problems facing those many families for whom two incomes are an absolute necessity.

The sponsors of this bill have performed a great service to this nation. As an advocate for children and families for more than 30 years, and as a scholar who has worked in both Republican and Democratic administrations, I congratulate you on your wisdom in designing this enlightened legislation.

Thank you.

Senator DODD. Thank you very much, Doctor, for that testimony.

[The prepared statement of Dr. Zigler follows:]

Policy Recommendatons for Infant Care Leaves

Edward Zigler
Sterling Professor of Psychology
and
Director, Yale Bush Center in Child Development and Social Policy

Testimony presented to the United States Senate
Subcommittee on Children, Families, Drugs,
and Alcoholism

Washington, D.C. February 18, 1987

E. Zigler

The infant care leave problem in the United States is of a magnitude and urgency that requires immediate national attention. The workforce today is comprised of 63 percent women. According to Census Bureau estimates, 85 percent of these women are likely to become pregnant during their working lives. Physicians have determined that women need time to recover physically from the stress of pregnancy, labor, and childbirth. Psychologists have cautioned that families need time to adjust to a new child.

Despite what physcians and psychologists tell us about these important first few months of life, many of the women in this country are forced--through economic necessity--to return to work within weeks after giving birth.

In response to this problem, the Yale Bush Center in Child Development and Social Policy convened an Advisory Committee. Our goal was to evaluate the impact of the changing composition of the workforce on families with infants. The Committee examined research concerning the well-being of infants and their families, and the nature and cost-effectiveness of current parental leave policies in the public and private sector, small and large businesses and in other nations.

After reviewing the research, the Advisory Committee determined:

1. Fifty percent of all mothers of infants under one year of age are in the out of home workforce.
2. Despite changing demographics in the workplace, the family

remains the primary base for the well-being and development of children.

3. The majority of female parents work because their salaries are vital to their families' economic survival.

4. Families need time to adjust to the presence of a new member. The estimates of length of time vary according to individual health and family needs.

5. Many American families do not have the means to finance leaves of absence from work in order to care for their infants.

6. More than two-thirds of the nations in the world, including almost all industrialized nations, have some provisions for parents of infants to take paid, job protected leaves of absence to ensure physical recovery from labor and birth, and to care for their newborn.

7. In the United States, federal policy prohibits discrimination in employment on the basis of pregnancy. Employers are required to grant leaves to women unable to work due to pregnancy and childbirth on the same basis that leaves are for granted short-term disabilities of any kind. Federal law does not mandate, however, that employers establish new disability benefits or provide leave to parents to care for newborn infants.

Our Committee is especially concerned about low income working parents and parents with premature, disabled or severely ill infants. These families are under the greatest financial and emotional stress.

Interim and partial solutions proposed by the Committee included employers' implementation of such policies as: flexible work schedules, reduced work hours, job sharing and child care information and referral services.

Our primary recommendation was for an infant care leave policy that would allow employees an adequate period of time for parents to care for newborn or newly adopted infants, and to enable mothers to recover from pregnancy and childbirth. Such a leave would provide income replacement, benefit continuation and job protection. The leave would be available to either mother or father for a minimum of six months, and would include partial income replacement.

Families are in crisis, and they are looking to the government for help. I applaud the efforts of this Congress to establish a nationwide parental leave policy. While I do not feel that this bill goes far enough, it is an absolutely necessary first step. Perhaps its greatest value may be in sending a message to our nation's families that indicates we recognize the problems they are facing, and that our Congress is working toward a solution. Parental leave is critical to the healthy development of children and families. This bill indicates that the Congress has become attuned to the real problems facing those many families for whom two incomes are an absolute necessity. The sponsers of this bill have performed a great service to this nation. As an advocate for children and families for more than thirty years, I congratulate you on your wisdom in designing this enlightened legislation.

Senator **Dodd**. I was remiss, and I apologize to Karen Nussbaum, who is also on our panel. I neglected to introduce her. She is the executive director of 9 to 5, which is the National Association of Working Women, and president of District 925, Service Employees International Union, from Cleveland, OH. And she will come to us today, I understand, with a study which will show that a national policy on parental leave will save the business community some money. So we will be anxious to hear that when we get to you, Ms. Nussbaum, and I apologize for leaving you out. I just did not get to the second page of my introductions, and I apologize to you for that.

Mr. Bond, we are delighted to receive your testimony this morning.

I should also welcome my former chairman, Senator Orrin Hatch, from Utah. When we get through the panel, Orrin, if you have any opening statement you would like to make, you may do it then.

Senator **Hatch**. I would just put my statement in the record; I appreciate it.

Senator **Dodd**. Terrific. We are delighted to have you here with us this morning.

[The prepared statement of Senator Hatch follows:]

STATEMENT OF SENATOR HATCH

CHILDREN, YOUTH, & FAMILIES SUBCOMMITTEE HEARING: PARENTAL AND MEDICAL LEAVE ACT, S. 249

FEBRUARY 19, 1987

MR. CHAIRMAN, I CAN WELL APPRECIATE THE DIFFICULTIES ENCOUNTERED BY MANY AMERICAN FAMILIES WHEN THEY TRY TO JUGGLE THE DEMANDS OF BOTH A CAREER AND A FAMILY, AND I WANT TO COMMEND THE CHAIRMAN FOR HELPING TO BRING THESE PROBLEMS TO THE FOREFRONT. PERHAPS IT IS TRUE THAT BUSINESS HAS NOT IN THE PAST RECOGNIZED THE DIFFICULTIES FACED BY THEIR EMPLOYEES, OR THE UNDERLYING REASONS FOR TWO INCOME HOUSEHOLDS.

I BELIEVE, HOWEVER, THE PRESENCE OF SUCH EMPLOYEE BENEFIT PIONEERS AS SOUTHERN NEW ENGLAND TELEPHONE AT THIS MORNING'S HEARING INDICATES A GROWING AWARENESS IN THE BUSINESS COMMUNITY THAT WORK AND FAMILY WILL HAVE TO COEXIST FROM NOW ON, OR FIRMS WILL BE FORCED TO SACRIFICE VALUABLE, EXPERIENCED EMPLOYEES. IN FOCUSING ATTENTION ON THESE ISSUES, THE CHAIRMAN HAS PLAYED A MAJOR ROLE IN ASSURING A CONTINUATION OF THIS TREND.

BUT, I MUST CONFESS TO SERIOUS RESERVATIONS ABOUT THE PENDING LEGISLATION. FIRST, I QUESTION WHETHER GOVERNMENT CAN APPROPRIATELY IMPOSE POLICIES AND COSTS ON FREE ENTERPRISE WHICH INDIVIDUAL BUSINESSES CHOOSE NOT TO IMPOSE ON THEMSELVES SIMPLY

BECAUSE WE IN CONGRESS BELIEVE A PARENTAL LEAVE POLICY IS A GOOD THING. I PARTICULARLY QUESTION WHETHER THE FEDERAL GOVERNMENT HAS THIS RIGHT; STATES AND LOCAL GOVERNMENTS ARE FREE TO LEGISLATE IN THIS AREA IF THEY SO CHOOSE.

SECOND, THIS MANDATORY APPROACH STIFLES INNOVATION AND FLEXIBLE BENEFIT PLANS. BUSINESSES HAVE GREATLY EXPANDED THEIR BENEFIT PACKAGES, AND MANY OF THESE PLANS HAVE BEEN NEGOTIATED BY MANAGEMENT AND WORKER REPRESENTATIVES. THE PARENTAL AND MEDICAL LEAVE BILL WILL SIPHON OFF PART OF THE EMPLOYER'S BENEFIT DOLLAR WHICH EMPLOYEES MIGHT PREFER BE SPENT ON OTHER TYPES OF BENEFITS. ALSO, BECAUSE THE BILL SETS A FEDERAL STANDARD, IT COULD KILL EXISTING PARENTAL LEAVE POLICIES NO MATTER HOW POPULAR OR PROGRESSIVE THEY ARE.

THIRD, THIS BILL IMPOSES UNKNOWN COSTS ON THE PRIVATE SECTOR--COSTS WHICH INCLUDE HIRING TEMPORARY HELP FOR THE LENGTH OF TIME AN EMPLOYEE IS GONE AND CONTINUING HEALTH BENEFITS. BUT MOST DIFFICULT TO ESTIMATE IS THE LOSS OF PRODUCTIVITY. EVEN A COMPETENT TEMPORARY WORKER CANNOT ADEQUATELY SUBSTITUTE FOR AN EXPERIENCED, TRUSTED EMPLOYEE. I MIGHT ADD THAT THE COSTS OF ENFORCING THIS LEGISLATION WOULD NOT BE INSIGNIFICANT.

FINALLY, IN SPITE OF ITS POTENTIAL COSTS, THE BILL MAY HAVE LITTLE BENEFIT. FIRST, ONLY THOSE FAMILIES WHO CAN AFFORD FOUR AND A HALF MONTHS OF UNPAID LEAVE WILL TAKE IT. AND, IF WE MANDATE PAID LEAVE, IT WILL UNDOUBTEDLY HAVE A SEVERE

DISEMPLOYMENT EFFECT, WHICH I DO NOT BELIEVE ANYONE ON THIS COMMITTEE WANTS TO SEE. SECOND, THE BILL MERELY POSTPONES THE FAMILY'S DAY OF RECKONING FOUR AND A HALF MONTHS. THE BILL DOES NOT ADDRESS THE FAR MORE CRITICAL ISSUE OF CHILD CARE--ACCESS TO CHILD CARE FOR LOW AND MODERATE INCOME FAMILIES, THE NEED FOR GREATER CHILD CARE AVAILABILITY, AND BETTER QUALITY CHILD CARE.

I AM VERY CONCERNED ABOUT THE PROBLEMS FACED BY NEW PARENTS, AND I WHOLEHEARTEDLY ENCOURAGE INDIVIDUAL BUSINESSES TO DEVELOP LEAVE AND BENEFIT POLICIES WHICH WILL TAKE THE NEEDS OF FAMILIES INTO ACCOUNT. BUT I AM ALSO CONCERNED THAT S. 249 AND ITS HOUSE COUNTERPART, THOUGH WELL-INTENTIONED, WILL NOT SOLVE THE FAMILY'S GREATEST PROBLEM--HOW TO OBTAIN AFFORDABLE, QUALITY INFANT AND CHILD CARE--AND INSTEAD WILL IMPOSE SUBSTANTIAL INCREASED COSTS ON BUSINESS, PARTICULARLY SMALL BUSINESS, WHICH COULD HAVE ADVERSE EFFECTS ON THOSE WE ARE TRYING TO HELP WITH THIS LEGISLATION.

Senator DODD. Mr. Bond, please proceed.

Mr. BOND. Thank you, Mr. Chairman, members of the Subcommittee.

The National Council of Jewish Women Center for the Child recently completed a national survey of employee benefits as part of a larger study of work and family issues called "Mothers in the Workplace". The survey was conducted in 100 communities around the country, by trained volunteers, working under the auspices of local affiliates of the National Council of Jewish Women.

We obtained information from over 2,000 employers of all sizes in both public and private sectors, and this information describes the fringe benefits available to nearly 4,000 groups of workers, representing different occupations within the organizations we surveyed.

For purposes of this hearing, I will restrict my comments to what we discovered about the leave benefits provided to working women for maternity and parenting by employers of 20 or more workers, which is as close as we could come to isolating the employers of 15 or more workers who would be covered by the Parental and Medical Leave Act. A more detailed presentation of these findings appears in my prepared statement which has been submitted for the record.

I should mention that we did not examine the availability of parental leave for new fathers, for adoptive parents, or parents of seriously ill children.

The medical community generally considers 8 weeks to be the minimum period of maternity-related disability, assuming no complications during pregnancy or delivery. We found that women in 72 percent of the groups we surveyed currently receive a minimum of 8 weeks of job-protected medical leave; 28 percent do not. About half the time, medical leaves are paid, and health insurance coverage continues with an employer contribution.

Larger employers are somewhat more likely than smaller ones to provide these benefits, but the differences are not great.

Some amount of parental leave is available to women in 38 percent of the groups surveyed, 4 weeks being the amount most frequently reported by employers. It is worth noting that small employers, including even those with fewer than 20 employees, are just as likely as larger employers to offer some amount of job-protected parental leave.

Moreover, we found that smaller employers are more likely to allow reduced work schedules for women returning from childbirth. Thus, it would not appear, based on our findings, that extended periods of employee absence necessarily pose greater difficulties for small employers.

Finally, I would like to comment on the extent to which the specific leave components of the proposed Act are already embodied in formal personnel policies.

Among employers with 20 or more workers, 44 percent of the groups of workers that we surveyed are covered by their pre-existing health plans while on leave. And in nearly every case, employers also make some contribution to these plans.

As for other components of the act, substantially fewer groups are guaranteed the full 26 weeks of job-protected medical leave, or

18 weeks of job-protected parental leave, or reduced work schedules upon returning to work following childbirth. Hardly any workers, only 1 percent of the groups we surveyed, receive all four of these components currently, in the form of a leave benefit package that is guaranteed by standard policy.

One should not conclude on the basis of this finding, however, that the passage of the act would require sweeping changes in the leave benefits offered by all employers, large and small. Indeed, available information suggests that utilization of leave benefits following passage of the Act would not be dramatically higher than current levels. Probably the most significant impact of the proposed Act from the perspectives of employers and employees would be to transform informal practices into formal policies that apply equally to all workers.

However, we can be certain that most employees will not utilize the maximum benefits guaranteed under the act. First of all, very few workers fortunately ever become eligible by virtue of disability for the maximum medical leave of 26 weeks, and in the majority of cases, at least, their needs for medical leave seem to be more or less adequately served by current practices—though workers are often not protected by formal policies at this point in time.

Second, it seems likely that requests for extended parental leave will be quite modest. Research to date indicates that in organization where parental leave is already offered to male employees, relatively few take advantage of the benefit at all; and given the growing dependence of families on the earnings of working mothers, there is little reason to expect that women can afford to take extended periods of unpaid leave for parenting.

Information just provided to us by a large corporation that offers 2 months of unpaid parental leave as a matter of standard policy supports this conclusion. In their experience, less than one-half of women request any parental leave at all following medical leave for maternity, and only one in five takes the full 2 months offered.

In short, the fears of many employers as expressed in the media, and no doubt to this subcommittee, may well be overstated. As for the impact on workers themselves, surely any improvement in leave benefits would help many parents, if not all, better integrate work and family, producing benefits for children, for families and for society, the value of which must be put in the balance when weighing the costs.

I thank you.

Senator Dodd. Thank you very much, Mr. Bond. We will have some questions for you shortly.

[The prepared statement of Mr. Bond follows:]

PREPARED STATEMENT OF JAMES T. BOND, DIRECTOR, NCJW CENTER FOR THE CHILD,
NATIONAL COUNCIL OF JEWISH WOMEN, NEW YORK, NY
SUBMITTED TO THE U.S. SENATE
SUBCOMMITTEE ON CHILDREN, FAMILIES, DRUGS AND ALCOHOLISM

February 19, 1987

MEDICAL AND PARENTAL LEAVE BENEFITS CURRENTLY AVAILABLE TO FEMALE WORKERS IN THE UNITED STATES

The NCJW Center for the Child -- a research center established by the National Council of Jewish Women -- recently completed a national survey of employee benefits. The survey is part of a larger research project, *Mothers in the Workplace*, which is currently investigating the impacts of leave policies and fringe benefits on the lives of individual workers and their families. The survey was conducted in nearly 100 communities around the country. Field research was carried out by volunteers under the auspices of local NCJW affiliates in the communities studied.

Although the broad purpose of the survey was to find out how well the needs of working parents are served by the policies, practices, and fringe benefits in the places where they work, special attention was paid to the situation of working mothers, who typically maintain primary responsibility for child-rearing in addition to their responsibilities as wage earners. In 1950, only 12% of women with children under six years of age were in the paid labor force. In 1986, that proportion had grown to 54%, due largely to the changing economic role of married women within the family. In contrast to previous generations, most women now remain in the paid labor force after they marry and after they bear children.

As family economies and the national economy grow increasingly dependent upon working mothers, the difficulties they have reconciling work and family responsibilities become a matter of national concern. If women cannot work and at the same time be mothers without jeopardizing their earnings potential, their health, the well-being of their children, and the quality of family life, then we are in serious trouble as a society.

In the United States, unlike other industrialized countries, working mothers and fathers rely on their own resources and on the good will of their employers, rather than government regulations and programs, to obtain health insurance coverage for their families, take time away from work for maternity, arrange child care, and meet the many other responsibilities they have as parents. As the number of families in which both parents work, or the only parent works, grows, the adequacy of "family policies and benefits" in the workplace becomes increasingly important to workers when they evaluate employment opportunities and to employers who must compete for working parents in the labor market.

Although the efforts of employers to address the special needs of working parents have received growing attention over the past few years, available information is quite incomplete. Most national surveys of employee benefits (e.g., Bureau of Labor Statistics, 1986; Catalyst, 1986; Conference Board, 1978) have focused on large employers in the private sector. Yet, small businesses (with under 100 workers) employ about 55% of workers in the private sector of the U.S. economy, while federal, state, and local governments employ about 14% of the total labor force. In order to obtain a more complete picture, we have made a special effort to include both small businesses and public agencies in our survey.

How the Study Was Conducted

Information was obtained using a standard questionnaire. Each completed questionnaire describes the policies and fringe benefits that apply to a specific *group of workers* -- that is, to persons employed in a particular occupation in a particular company or organization in the local economy.

Frequently, information was obtained about more than one occupational group in a single company or organization. For example, a manufacturing company might have been asked to provide information separately for *administrative support staff* (including secretaries and data processors) and *blue-collar, production workers*. A hospital, on the other hand, might have been asked to complete separate questionnaires for *registered nurses* (who are professionals), *medical technicians* (including lab technicians and licensed practical nurses), and *service workers* (including food service workers and nurses' aides). It was necessary to ask employers about specific occupational groups, rather than about workers in general, because of the fact that policies and benefits are frequently different for workers employed in different positions with the same employer. **All findings from this survey are reported in terms of the number (or %) of groups of workers who are affected by particular policies and benefits.**

Who Was Surveyed

A total of 2,243 and organizations completed 3,892 questionnaires, each describing a specific group of workers. The selection of companies and organizations followed a sampling plan designed to ensure diversity in both types of employers and types of occupations. Approximately 4,470,000 persons are employed in the 3,892 occupational groups surveyed. Of these workers, 52% (or about 2,320,000) are women.

Of the groups surveyed, 27% represent Managerial and Professional occupations; 48%, Other White Collar occupations; and 25%, Service and Blue-Collar occupations. This distribution of groups approximates the distribution of female workers by occupations nationally -- 24% managerial and professional, 52% other white collar, and 24% service and blue collar (Current Population Survey, March 1986). The category *Managers and Professionals* is self-explanatory. The category *Other White Collar* combines three more specific occupational groups: *Technical, Sales,* and *Administrative Support*. The category *Service & Blue Collar* combines all remaining occupational groups. Of the groups surveyed, 20% are represented by a union.

All levels of government and all classes of industry in the private sector except *construction*, *mining* and *agriculture/forestry/fishing* are represented in the sample by 100 or more groups of workers. The companies and organizations providing information varied significantly in size -- that is, in the number of workers they employ at all locations in the United States. Thirty-one percent of groups surveyed work for *Small Employers* (less than 100 employees nationally); 17% for *Mid-Size Employers* (100-499 employees nationally); and 52% for *Large Employers* (500 or more employees nationally).

Since the survey did not employ random sampling of either establishments or workers, unqualified generalizations from global sample statistics to the population of employers or of employees in the United States are inappropriate. Nonetheless, the sample is sufficiently diverse and large to illustrate the full variety of policies and benefits offered by employers in the United States. Moreover, the statistics presented for subsamples of the total survey sample should closely parallel population statistics for the same groups.

Medical and Parental Leave Benefits for Maternity

The survey investigated the extent to which employers have independently implemented various basic components of a comprehensive maternity policy:

Standard policies setting the period of leave for all workers
Job-protected medical leave for maternity, whether paid or unpaid
Employer contributions to health insurance plan during medical leave
Wage or salary replacement during the period of medical leave
Parental leave subsequent to the period of maternity-related disability
Reduced work schedule following medical leave for maternity

We did not examine leave benefits for fathers, adoptive parents, or parents of seriously ill children.

Standard Leave Policies: Even in very large companies leave benefits are not always set by standard policies; among small employers, they hardly ever are. In order to include small employers in the survey it was necessary to accommodate their less formal personnel practices. Thus, in the absence of standard leave policies we asked employers to describe the arrangements actually made in the *most recent case*. Although arrangements made in the most recent case might not characterize *normal practice* for a particular employer, these data should represent normal practice in the aggregate for employers who do not have standard leave policies.

The distinction between standard policies and informal practices is extremely important to both employees and employers. Employers who implement standard, written policies are essentially bound by them. While they can offer more favorable terms of leave to selected employees, they cannot offer less than policy guarantees. Employers who are not bound by standard policy are able to set benefit levels on a case-by-case basis, offering very favorable terms of leave to reward a valued employee or no leave at all if they want to force an unwanted worker's resignation. Such flexibility is highly valued by *hands-on managers*, particularly owners/managers of small businesses but also supervisors/managers in larger organizations, who are directly involved in the day-to-day tasks of training, motivating, supervising, evaluating, hiring, and firing. As for employees, those covered by standard policies can be sure of certain minimum benefits; however, those not covered by standard policies are guaranteed nothing and must negotiate whatever benefits they can. Though the absence of mechanically implemented standards allows some workers to tailor leave benefits to their special needs, the absence of standards also introduces uncertainty and places some workers at considerable risk.

Job-Protected Medical Leave: The foundation of any maternity policy is job-protected medical or disability leave. All women experience a period of temporary disability surrounding childbirth. Indeed, most physicians consider eight weeks (two weeks prior to delivery and six weeks after) to be the minimum amount of medical/disability leave needed by a woman experiencing a normal pregnancy and delivery. Thus, a policy guaranteeing eight weeks of medical leave for maternity might be considered minimally responsive to the physical needs of working women. Our findings are reported in terms of how many groups of workers receive *eight or more weeks of job-protected medical leave for maternity* by either standard policy or normal practice, with or without pay.

Employer Contribution to Health Insurance During Leave: One of the most valuable fringe benefits available to employees is health insurance paid for entirely or partially by their employer. It is particularly important when a worker is faced with the substantial medical expenses associated with prenatal care, delivery, and post partum maternal and infant care. Our findings are reported in terms of how many groups of workers receive *eight or more weeks of medical leave with continuing health insurance coverage paid (at least in part) by their employers.*

Wage or Salary Replacement During Leave: Many women cannot afford to take full advantage of the leave they are offered for maternity and parenting because of lost earnings. Foregoing even eight weeks' pay for medical leave may be impractical at a time when family expenses are extraordinarily high. Five states (New York, New Jersey, Rhode Island, California, and Hawaii) require employer and/or employee participation in *temporary disability insurance* plans, which provide partial wage replacement during periods of short-term disability resulting from maternity and other causes. However, only California also requires that a woman's job be protected during periods of maternity-related disability. Our findings are reported in terms of how many groups of workers receive *eight or more weeks of job-protected medical leave with (at least partial) wage replacement.*

Parental Leave: Parental or family leave (following medical leave for maternity) is a fairly new concept for most employees and employers. Moreover, marginal comments on returned questionnaires suggest that where it is offered, it is the leave benefit least likely to have been formalized in standard policy. Marginal notes also indicate that leave time offered for parenting is frequently not called or even thought of as "parental" or "family" leave, but falls under the rubrics of *unpaid leave of absence, personal leave*, and so forth.

Parental leave is intended to provide for early infant care, the development of healthy parent-infant relationships, and the integration of the newborn into family life. With large numbers of women now returning to work within several weeks of childbirth, pediatricians and psychologists have expressed growing concern about the possible negative consequences of an early return to work for mother, infant, and the family unit. Our findings are reported in terms of how many groups of workers receive *some amount of parental leave in addition to eight or more weeks of medical leave. Some amount* most often means four weeks (the mode or most frequent response).

Reduced Work Schedule: The opportunity to work less than full time for some period following medical leave for maternity allows working mothers to be more involved in the care of their newborns and facilitates their physical and emotional recuperation from the experience of childbirth. Particularly for women receiving unpaid leaves who must continue to bring home a regular paycheck (albeit smaller than usual), a temporarily reduced work schedule allows them to return to work sooner than would otherwise be feasible or healthy. Our findings are reported in terms of how many groups of workers are *very likely to be allowed to return to work on a part-time basis following eight or more weeks of medical leave for maternity.*

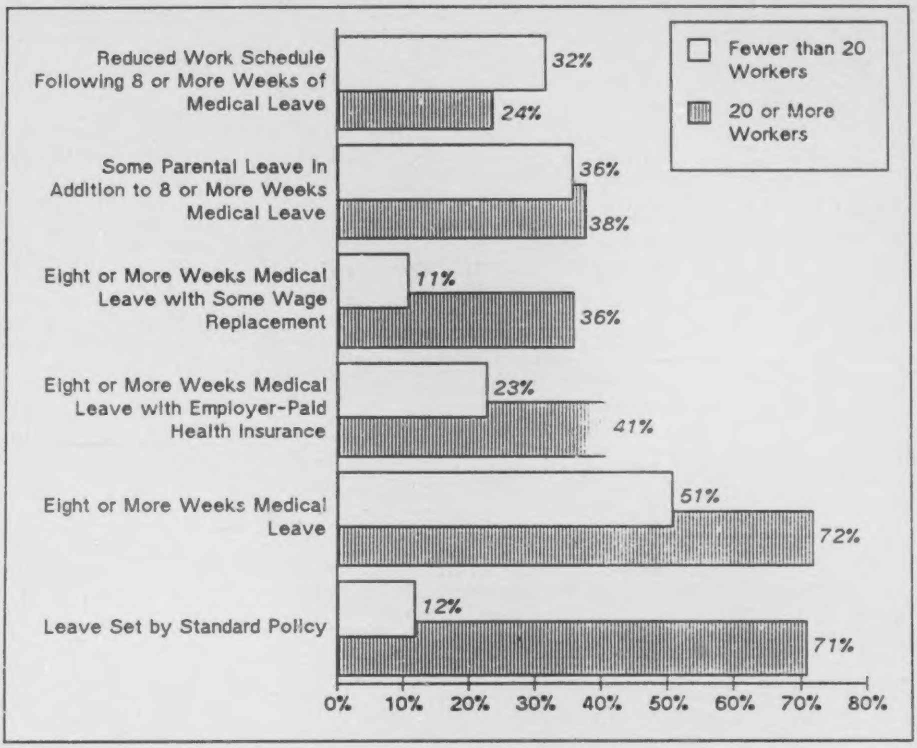
Variations in the Leave Benefits Available to Different Groups of Workers

With the exception of special statutes in several states and requirements of the federal Pregnancy Discrimination Act of 1978, maternity policies in the United States are determined by individual employers. Consequently, they vary considerably from one workplace to another.

Variation by Size of Employer

Chart 1 (below) compares the leave benefits provided by larger employers (20 or more employees) with those provided by small employers (fewer than 20 employees). Employers were grouped in these two categories in order to compare (as nearly as possible given the way our data were collected) employers who would be exempted from the proposed Parental & Medical Leave Act (S. 249) with those who would not. [S. 249 would exempt employers with fewer than 15 employees.]

Chart 1: Groups of Workers Receiving Various Leave Benefits by Size of Employer
(Number of Groups: small employers = 640; large = 3,201)



Larger employers are far more likely than small employers to *ensure* leave benefits by incorporating them in standard personnel policies. They are also more likely to provide eight or more weeks of job-protected medical leave for maternity, to make payments toward health insurance coverage during leave, and to provide at least partial wage replacement.

Contrary to what one might expect, however, small employers are just as likely as larger employers to offer some parental leave to working mothers, and they are more likely to allow women to return to their job on a reduced work schedule following childbirth.

The provision of eight or more weeks of job-protected medical leave for maternity is now the norm in the American workplace: 72% of groups working for larger employers and 51% working for small employers receive at least eight weeks of medical leave. However, substantially fewer groups receive *financial benefits* (payments by employers to health insurance plans and wage replacement) while on leave. Of the groups of workers surveyed, 41% working for larger employers, but only 23% working for small employers, are covered by health insurance plans to which their employers contribute during medical leave. Fewer still receive paid medical leaves: 36% among larger employers, but only 11% among small employers. [Of course the Parental and Medical Leave Act does not require that leaves be paid or that employers contribute to their employees health insurance plans, only that the pre-existing health insurance plan be continued.]

These findings stand in sharp contrast to those reported by Catalyst (1986) from its study of medical and parental leave benefits among Fortune 1500 companies almost all of which employ more than 1,000 workers. Specifically, their researchers found that over 90% of the employers they surveyed (total n = 386) offer medical leaves with full or partial pay and full continuation of benefits. The discrepancy between their findings and ours is almost certainly due to the fact that while our sample included a smattering of the very largest employers in the country, their sample consisted exclusively of a self-selected group of such employers. Indeed, our findings are more in line with (though not strictly comparable to) those reported in earlier studies by Quinn and Staines (1979) and Kamerman, Kahn, and Kingston (1983). It is important to remember that while 1 in 6 workers in the private sector is employed in a company with 1,000 or more workers, 1 in 4 works for a company with fewer than 20 employees and 1 in 2 for a company with fewer than 100 employees.

When it comes to *non-financial leave benefits* (parental leave and reduced work schedules following medical leave), small employers are as accommodating as larger employers. Of the groups of workers surveyed, slightly more than 1 in 3 receive some parental leave following medical leave for maternity regardless of employer size. The most frequently offered amount of leave is four weeks. As for reduced work schedules, nearly 1 in 3 groups working for small employers, but only 1 in 4 working for larger employers, are *very likely* to be allowed to return to work on a part-time basis following medical leave.

These findings cast some doubt on widespread claims that the extended leave requirements of the Parental and Medical Leave Act would impose greater hardships on small employers than on larger ones. In the case of parental leave, we found no correlation between size and the provision of some unpaid parental leave benefits. In the case of reduced work schedules following medical leave, we found a modest inverse correlation between size and the provision of part-time arrangements for women returning from childbirth. A more detailed presentation of findings regarding reduced work schedules follows:

Size of Employer Based on Number of Employees	**Groups of Workers Very Likely to Be Allowed to Return on Part-Time Basis After 8 or More Weeks of Medical Leave**
1 - 19 Workers	32%
20 - 99 Workers	35%
100 - 249 Workers	29%
250 - 499 Workers	24%
500 or More Workers	20%

Although most employers provide some of the five basic leave benefits considered above, hardly any provide all of them whether by standard policy or practice:

Number of Leave Benefits Provided	% of Groups of Workers Receiving Small Employers (< 20 Workers)	Larger Employers (>= 20 Workers)
None	49%	28%
One or more	51%	72%
Two or more	49%	66%
Three or more	36%	46%
Four or five	14%	17%
All five basic leave benefits	3%	3%

Differences between small and larger employers decrease as leave benefit packages become more generous.

Differences Between the Public and Private Sectors: Employers with 20 or More Workers

Public sector employers include city, county, state, and national government as well as public schools. Groups of workers in the public and private sectors are equally likely to receive eight or more weeks of job-protected medical leave for maternity; however, paid medical leaves, employer contributions to health insurance plans during leave, and reduced work schedules following medical leave are more often available in the private sector. In contrast, parental leave subsequent to eight or more weeks of medical leave is more often available to workers in the public sector.

Variation by Union/Non-Union Status: Employers with 20 or More Workers

Groups of workers represented by labor unions are somewhat more likely to receive job-protected medical leaves of eight or more weeks (81% versus 70% for non-union groups) and much more likely to receive some parental leave in addition to medical leave (55% versus 33% for non-union groups). Otherwise, union and non-union workers receive very similar leave benefits.

Since labor union membership continues to decline (currently about 18% of the workforce nationally; 20% of our survey sample), any improvement in the leave benefit packages available to most workers will not be the product of collective bargaining.

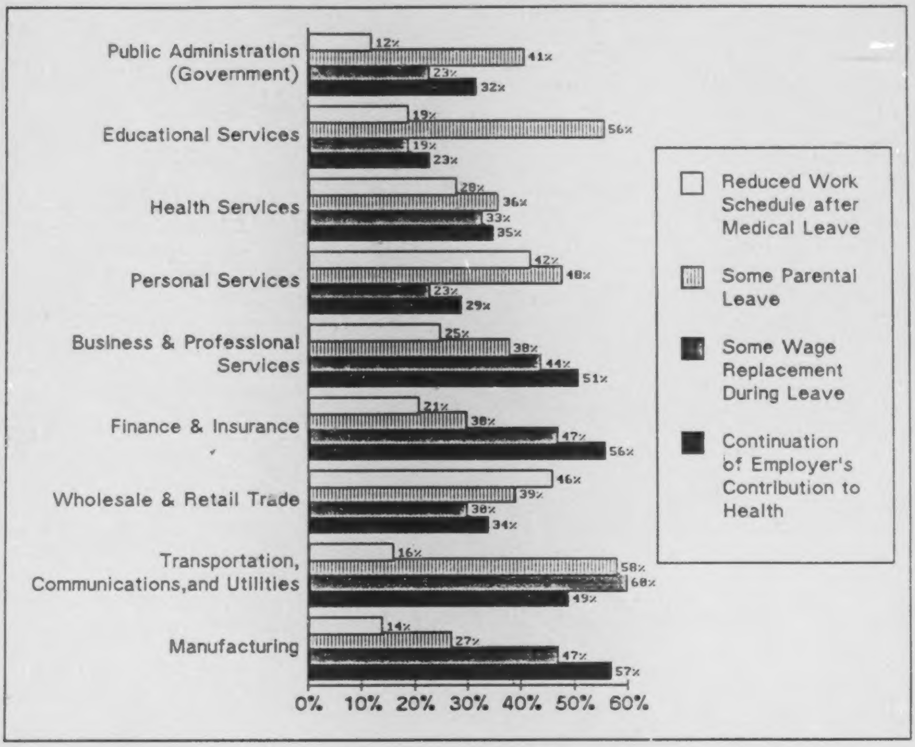
Variation by Region: Employers with 20 or More Workers

Comparing the Northeast, Central, Southern, and Western regions of the United States, we found that groups of workers in the Northeast fared consistently better and groups in the South, consistently worse than groups in the other regions. The most striking variation was the availability of paid medical leave -- 48% of groups in the Northeast receive paid medical leaves, while only 21% of groups surveyed in the South receive any wage replacement during medical leave. The corresponding figure for both the Central and Western regions was 36%.

Variation by Industry: Employers with 20 or More Workers

Though the availability of eight weeks or more of job-protected medical leave does not vary significantly by type of industry, other benefit components vary dramatically as shown in Chart 2 (below).

Chart 2: Comparison of Leave Benefits Received by Groups of Workers in Different Industries
(Number of Groups: Average of 341 per Industry)



No industry offers consistently more favorable benefits than were found for the total sample. *Financial benefits* (paid leave and employer payments to health insurance plans during leave) are most generous in the *Transportation/Communications/Utilities, Manufacturing, Finance and Insurance,* and *Business and Professional Services* industries. They are least generous in the *Wholesale and Retail Trades, Personal Services, Educational Services* (mainly public schools), and *Public Administration* (government).

The availability of *non-financial leave benefits* (parental leave and part-time return) by industry is more difficult to characterize. Only the *Personal Services* industry is more likely than average to offer both parental leave and reduced work schedules following medical leave for maternity. Some parental leave is most likely to be offered by the

Transportation/Communications/Utilities industries (58% of groups) and *Educational Services* (56% of groups). Parental leave is least likely to be offered in *Manufacturing* industries (27% of groups). Reduced work schedules following medical leave for childbirth are most likely to be offered by the *Wholesale and Retail Trades* (46% of groups) and *Personal Services* (42% of groups). Part-time arrangements are least likely to be available in *Public Administration* (12% of groups), *Manufacturing* industries (14% of groups), and *Transportation/Communications/Utilities* industries (16% of groups).

Differences Among Broad Occupational Groups: Employers with 20 or More Workers

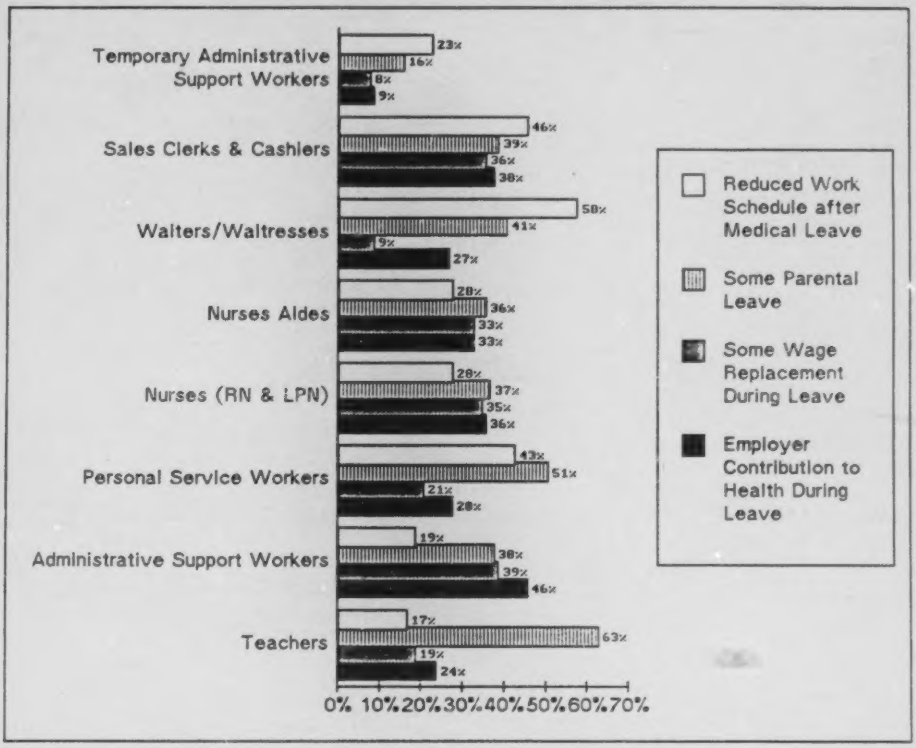
We compared the leave benefits received by three broad occupational groups -- *Managers and Professionals, Other White Collar Workers*, and *Service and Blue Collar Workers.* Though differences among these groups are not great, they tend to favor managers and professionals over other occupational groups. The most notable differences occur with respect to wage replacement during medical leave (47% of management and professional groups receive paid leaves versus 34% of service and blue collar groups, with other white collar in the middle) and employer contributions to health insurance during medical leave (41% of management and professional groups receive this benefit versus 28% of service and blue collar groups, with other white collar in the middle). The only exception to this pattern is found in the availability of part-time work upon returning from medical leave: service and blue collar workers are somewhat more likely to be allowed reduced work schedules upon returning from leave (27% of groups) than are managers and professionals (21% of groups).

Variation by Selected Occupational Subgroups with High Proportions of Female Workers: Employers with 20 or More Workers

Chart 3 (page 10) shows the variation in leave benefits for selected occupational subgroups. All of these groups have high proportions of female employees, and all but one -- *Administrative Support Workers* -- are projected to experience high rates of growth through 1995. The availability of eight or more weeks of job-protected medical leave among these occupational subgroups was quite similar to findings for the sample as a whole, with the exception of *Temporary Administrative Support Workers* in which category only 28% of groups surveyed received as much as eight weeks of job-protected medical leave.

Regarding the findings presented in Chart 3, no occupational subgroup is consistently above average, nor is any consistently below average. Groups of workers in two occupations -- *Nurses* and *Nurses Aides* -- are about as likely as the average group to receive benefits in all four areas. *Sales Clerks and Cashiers* are about as likely as average to receive financial benefits (paid medical leave and employer payments to health insurance during leave) and some parental leave, but are much more likely to be able to arrange part-time work after medical leave. *Administrative Support Workers* who are permanently employed are about as likely as average to receive financial benefits and some parental leave, but less likely than average to be able to return to work on a reduced schedule following medical leave. *Personal Service Workers* are less likely to receive financial benefits during leave, but more likely to receive non-financial leave benefits than the average. *Waiters/Waitresses* are most likely to be able to arrange part-time work, while *Teachers* are most likely to be offered parental leave (often for one year or more).

Chart 3: Leave Benefits Received by Selected Groups of Workers with High Proportions of Female Workers
(Number of Groups: Average of 262 per Category)



Finally, *Temporary Administrative Support Workers* are unlikely to receive any leave benefits for maternity, or any fringe benefits at all for that matter. Other so-called *contingent workers* -- such as persons working part-time, private household workers who are frequently paid "off the books" and independent contractors like real estate sales agents -- find themselves in similar situations. The majority of employees in these groups too are female.

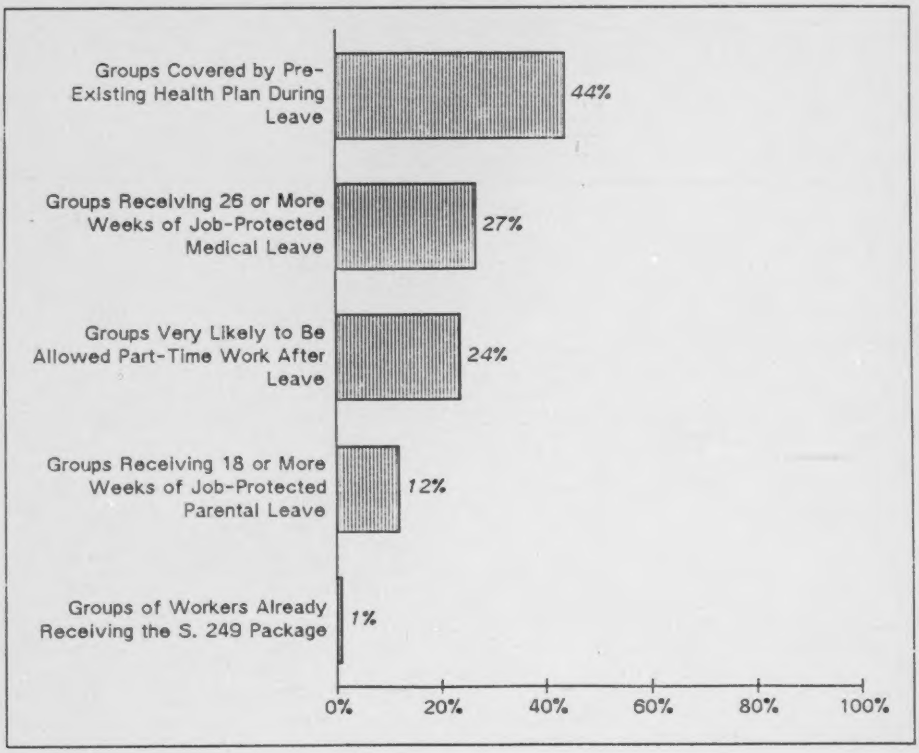
We found that in 31% of groups working for larger employers part-time workers receive no benefits at all. The proportion of groups in which part-time workers receive no benefits increases to 58% among small employers (fewer than 20 employees). In only 11% of groups do part-time workers receive the same benefits as full-time workers. About 27% of women compared with 10% of men in the labor force work part-time, and part-time employment is growing more rapidly than full-time employment, mainly in the retail trade and service industries (Nardone, 1986). The Parental and Medical Leave Act would very significantly increase the availability of unpaid, job-protected medical and parental leaves (if not financial benefits) for part-time workers.

Current Availability of Leave Benefits at the Levels Proposed in the Parental and Medical Leave Act (S. 249)

Chart 4 (below) presents our best estimate of how many groups of workers currently receive leave benefits for maternity that meet or exceed the standards embodied in the Parental and Medical Act recently introduced in the U.S. Senate (S. 249). First, it is important to note that **we only considered leave benefits available to female workers for maternity and parenting of their newborns. Second, only employers who ensure leave benefits by standard policies were considered to be in compliance with the proposed requirements of the Act.**

The leave components included in our analysis were: *26 or more weeks of job-protected medical leave, whether paid or unpaid; continuation of pre-existing health plans, with or without employer contribution; 18 or more weeks of job-protected parental leave available to female workers subsequent to medical leave;* and *reduced work schedule "very likely" available subsequent to medical leave.*

Chart 4: Groups of Workers Currently Receiving the Leave Benefits Required by the Parental and Medical Leave Act: Employers with 20 or More Workers
(Number of Groups = 3,201)



A substantial number of the groups surveyed receive one or more of the component benefits of the Parental and Medical Leave Act: 44% are covered by pre-existing health plans, at least during medical leave; 27% receive 26 or more weeks of job-protected medical leave; and 24% are very likely to be allowed to return to their jobs on a reduced work schedule following medical leave. However, only 12% of groups receive as much as 18 weeks of job-guaranteed parental leave.

When these four components are packaged as proposed in the Parental and Medical Leave Act, we find that hardly any female workers (only 1% of groups surveyed) are currently guaranteed leave benefits for maternity that would satisfy the requirements of the Act. Had we also considered the availability of leave benefits for working fathers, adoptive parents, and parents of seriously ill children, the percentage of groups whose employers are already in compliance with the requirements of the Act would most likely drop to zero.

One should not conclude on the basis of these findings, however, that passage of the Act would have dramatic impacts on all employers. It is simply not the case that most workers would utilize the maximum medical and parental leave benefits guaranteed under the Act.

Indeed, job-protected medical leave could only be taken as required for medically verified disability, and fortunately, very few workers are ever disabled for 26 weeks. The mean period of disability for maternity is about 10 weeks -- 8 weeks for women experiencing a normal pregnancy and vaginal delivery, 10 weeks if delivery is by C-section (23% of deliveries in 1985), more if there are additional complications. The findings of our survey strongly suggest that the majority of employers with 20 or more employees currently provide enough job-protected disability leave to meet the needs of the vast majority of their employees in cases of maternity as well as other short-term disabilities. Although 8 to 12 week medical leaves for maternity are undoubtedly disruptive of the workplace, this disruption is apparently something with which most employers of all sizes have already learned to cope effectively and economically, out of self-interest rather than compliance with law. The most significant impact of the Parental and Medical Leave Act in this area would be to formalize the currently informal practices of about 30% of employers.

Regarding continuation of pre-existing health plans during leave, the impact of the Act would be greater. Forty-four percent of groups working for employers with 20 or more employees are currently covered by "pre-existing health plans" (contributory and noncontributory) at least during medical leave. This leaves 56% of groups whose employers normally make some contribution to health insurance, but currently discontinue their contributions during periods of leave. The Act would guarantee all employees, who are covered by plans to which their employers make contributions, continuing coverage and contributions during periods of personal medical leave when they face substantial health care expenses, as well as during parental leaves when normal health care expenses continue and extraordinary expenses (such as those generated by a seriously ill child) may arise.

Impacts in the area of parental leave, including reduced work schedules following medical leave, are the most difficult to estimate. It is, of course, extremely unlikely that most parents will utilize the maximum unpaid leave benefit of 18 weeks. Most working parents cannot afford to forego regular earnings from their jobs. A 1983 poll of the broadly middle-class readership of Working Mother magazine (October 1983) revealed that 52% of mothers returned to work when they did following childbirth because they "needed the money." Another 9% said that they returned to work because staying out longer would have affected their careers. It appears that only 17% ran out of leave and returned to save their jobs. Thirty-one percent of women polled returned to work within six weeks; 66%, within 12 weeks. Regarding the likely utilization of parental leave by fathers, Catalyst (1986) reported that only 9 of 114 companies offering unpaid parental leaves to new fathers indicated that men actually availed themselves of this benefit. Although the attitudes of employers and working fathers toward the appropriateness of men taking such leave may gradually change, for now new fathers seem unlikely to request any amount of parental leave. Moreover, the fact that working fathers are generally the primary wage earners in their households makes it all the more difficult for them to take unpaid leaves of absence from their jobs, whatever the reason. Consequently, it seems likely that requests for parental leave by new mothers and fathers will be quite modest.

More comprehensive and empirically based estimates of the likely impacts of the Parental and Medical leave Act would no doubt be welcomed by both proponents and opponents of the bill. As the Center's *Mothers in the Workplace* project progresses, we hope to learn considerably more about the leave-taking preferences and behaviors of working parents through repeated interviews with over 2,000 working mothers. We will certainly share our findings with the Subcommittee as they become available.

Senator Dodd. Cheryle, we thank you for being here this morning and would be glad to listen to your testimony.

Ms. Mitvalsky. Thank you. I am Cheryle Mitvalsky, a member of the Board of the Association of Junior Leagues, and a past president of the Junior League of Cedar Rapids, IA.

The Association of Junior Leagues is an international organization of women committed to promoting voluntarism and to improving the community through the effective action and leadership of trained volunteers. Today there are 258 Junior Leagues in the United States, with approximately 165,000 members.

Junior League members are experiencing the same trends as those reflected in national statistics. That is, many of our members are working, and more are having to combine work and family responsibilities. Most Junior League members are married, have children, and a substantial number are employed. In fact, our most recent statistics indicate 42 percent of all members are employed in full-time jobs for pay.

My own experience has contributed to my understanding of the need for parental leave. My husband and I both worked when we were first married. My husband, just returned from service in the Army Reserves, was starting a law practice, and we counted on two incomes. However, when I became pregnant, I had to leave my job because the school system in which I was teaching did not have a clearly-defined maternity leave policy.

Losing the second income was difficult for us. Consequently, I was delighted when I was elected to the Board of the Association of Junior Leagues last spring, to have the opportunity to work for enactment of parental and medical leave policies, and I am pleased to have the opportunity to appear before you today on behalf of the Association of Junior Leagues to discuss S. 249, the Parental and Medical Leave Act of 1987.

In particular, we want to thank you, Senator Dodd, for your leadership on this important family issue. We are pleased that Anne Sayer, former president of the Junior League of Hartford, was able to participate in your press conference last fall to convey once again how much the association appreciates your leadership role in bringing the parental leave issue to the attention of legislators at the State and national levels.

The association demonstrated its support for parental leave legislation when it convened a national conference in March 1985, as a forum for discussion of parental leave policies in the United States. Conferees discussed the medical, psychiatric, and child development perspectives, and the legal issues relevant to parental leave. The conference also provided an opportunity for us to look at parental leave from the employer's and the employee's point of view.

The following policy statement was adopted by the conference participants. "Employees should have the right to paid job-protected leaves with continuation of existing health benefits for temporary, non-occupational disabilities including those that are pregnancy- and childbirth-related; to elect a job-protected leave of absence for parenting, and methods to fund parenting leaves should be explored."

The association published a report on parental leave in 1985 and has since distributed nearly 3,000 copies. I am submitting a copy for your review today.

I am also very pleased to tell you that since holding this conference on parental leave, the Association of Junior Leagues has implemented a partially-paid, job-guaranteed parental and temporary disability leave policy for its own employees.

In *California Federal Savings & Loan* v. *Guerra*, a recent Supreme Court decision, the Court did not extend job-guaranteed disability benefits to all workers, as the Parental and Medical Leave Act, S. 249, would do. We strongly support the extension of job-guaranteed temporary leaves to all employees who need them. We also strongly support the provision for job-guaranteed parental leaves which will make possible a greater participation in child-care by fathers. We are pleased that the parental leaves will be available to parents who adopt a child or who have seriously ill children.

It is rarely acknowledged that fathers, too, are concerned and need time to be with their newborn children. As a recent Fortune magazine article points out, fathers as well as mothers are experiencing "corporate guilt"—they are worrying about the welfare of their young children while they work.

As Dr. Joseph Pleck of the Wellesley College Male Roles Program suggested at the association's parental leave conference, fathers need motivational and parenting skills as well as social supports. These are important factors to consider in developing legislation.

In 1985–86, 27 leagues supported child-care projects with nearly 500 Junior League volunteers contributing well over $571,000. A number of these projects report a rising demand for child-care services for infants.

A recent survey conducted by the Association documents that both child-care and parental leave rank in the top 10 public policy issues of concern to the majority of individual Junior Leagues and the League's State Public Affairs Committees.

Clearly, our support for S. 249 reflects the concerns of Junior Leagues throughout the country. The association supports S. 249 because it embodies most of the objectives endorsed by the participants at the conference that I just mentioned.

Opponents of this legislation focus solely on the issue of cost. We, too, are concerned with the cost to employers, and that is why we support the small business exemption. However, we urge that this exemption of employers of 15 or fewer employees not be raised. As it is, this exemption excludes 22 percent of the work force.

We also urge that businesses recognize that in the case of pregnancy, the need for leave is well-known in advance and can be planned for accordingly.

Most importantly, the history of fair labor standards is clear. Pressing social problems can be alleviated by a Federal standard, and Federal standards can be accommodated by business.

Like the Social Security Act and the child labor laws, parental and medical leave legislation would be consistent with a long and established history of labor relations. The cost to businesses would be minimal, and the benefits to families would be great.

We are pleased that S. 249 recognizes the need for paid parental leave by mandating the establishment of an advisory panel to recommend legislative means to provide salary replacement for employees taking parental and temporary medical leaves. A strong consensus developed concerning the importance of providing paid temporary disability leaves during our conference. Conference participants agreed that low-income employees simply cannot afford to take a desirable period of leave from work unless they receive some type of income replacement. Lacking that resource, low-income parents may be forced to choose between staying home and relying on public assistance or returning to work too soon for the well-being of the mother and the child. Furthermore, most low-income parents cannot afford the higher quality infant care, which is very expensive, and thus may rely on substandard care.

This Congress has the opportunity to do something truly significant for families. I personally appreciate the opportunity to appear before you today and look forward to working with you in the coming months to ensure enactment of parental and medical leave legislation.

Thank you.

Senator DODD. Thank you very, very much, Ms. Mitvalsky, for your testimony.

[The prepared statement of Ms. Mitvalsky follows:]

THE ASSOCIATION OF JUNIOR LEAGUES, INC.

TESTIMONY
OF
THE ASSOCIATION OF JUNIOR LEAGUES, INC.
ON
S.249 THE PARENTAL AND MEDICAL LEAVE ACT OF 1987
BEFORE THE
SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM
OF THE
SENATE LABOR AND HUMAN RESOURCES COMMITTEE
ON
FEBRUARY 19, 1987

PRESENTED BY

CHERYLE W. MITVALSKY

MEMBER, BOARD OF DIRECTORS

THE ASSOCIATION OF JUNIOR LEAGUES, INC.

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• (212) 355-4380

Good morning. I am Cheryle Mitvalsky, a member of the Board of the Association of Junior Leagues and past president of the Junior League of Cedar Rapids, Iowa. The Association of Junior Leagues is an international organization of women committed to promoting voluntarism and to improving the community through the effective action and leadership of trained volunteers. Today, there are 258 Leagues in the United States representing approximately 165,000 members.

The Association's commitment to the improvement of services for children and families is long-standing. Junior League volunteers have been providing such services since the first Junior League was founded in New York City in 1901. In the 1970's, the Association and individual Junior Leagues expanded their activities to advocate for legislative and administrative changes directed at improving the systems and institutions which provide services to children and their families. These advocacy activities have focused on such issues as child care, child health, child abuse and neglect and child welfare services. The Association's interest in parental leave is consistent with its active support for child care legislation at the local, state and national level and its role as an international women's organization interested in ensuring women's economic progress.

Junior League members are experiencing the same trends as those reflected in national statistics -- that is, many of our members are working and more are having to combine work and family responsibilities . Most Junior League members are married, have children, and a substantial number are employed.

My own experience has contributed to my understanding of the need for parental leave. My husband and I both worked when we were first married. My husband, just returned from service in the Army Reserves, was starting a law practice and we counted on two incomes. However, when I became pregnant, I had to leave my job because the school system in which I was teaching did not have a clearly defined maternity leave policy. Losing the second income was difficult for us. Consequently, I was delighted, when I was elected to the Board of the Association of Junior Leagues last spring, to have the opportunity to work for enactment of national parental leave policies, and I am pleased to have the opportunity to appear before you today on behalf of the Association to discuss S. 249, the Parental and Medical Leave Act of 1987.

In particular, we want to thank you Senator Dodd for your leadership on this important family issue. We are pleased that Anne Sayer, the Association's Public Policy Liaison for Area I and a former president of the Junior League of Hartford, was able to participate in your press conference last fall to convey once again how much the Association appreciates your leadership role in bringing the parental leave issue to the attention of legislators at both the state and national level.

Parental Leave Conference

The Association demonstrated its support for parental leave legislation when it convened a national conference in March, 1985, as a forum for discussion of parental leave policies in the United States. Conferees discussed the medical, psycniatric and child development perspectives and the legal issues relevant to parental leave. The conference also provided an opportunity for for us to look at parental leave from the employee's and the employer's point of view.

The conference was attended by 45 representatives from the academic, governmental, business and labor communities, the Association of Junior Leagues, national women's organizations and child advocacy groups. The following policy statement was adopted by the conference participants:

> Employees should have the right:
>
> > to paid job-protected leaves with continuation of existing health benefits for temporary, non-occupational disabilities including those that are pregnancy- and childbirth-related;
> >
> > to elect a job-protected leave of absence for parenting.
> >
> > Methods to fund parenting leaves should be explored.

The rationale developed to accompany the policy statement points out that,

> The time generally provided for disability is not sufficient for many parents to launch their families.
>
> Therefore, it is vital that a parenting leave be offered which is distinct from pregnancy-related disability. Such leave should be available to both mothers and fathers and cover both birth parents and adoptive parents.

The Association published a report on the parental leave conference. Widespread interest in this report has been demonstrated by the distribution of nearly 3,000 copies since its publication. I am submitting a copy of the report for your review.

I am also pleased to tell you that since holding this conference on parental leave, the Association has implemented a partially paid job-guaranteed parental and temporary disability leave policy for its own employees.

Need for Parental Leave

It is well documented that most parents today combine work and family responsibilities. Moreover, by now, we all are familiar with the statistics evidencing the dramatic changes in the workforce over the past twenty years: 67 percent of mothers with children under three years old are in the workforce, representing the fastest growing segment of the workforce. Almost half of all mothers with children under the age of one are working outside the home. It is very important that we acknowledge that the majority of women work because of economic need. More and more women are the sole source of support and income for their children, 40 percent of married working mothers have husbands who earn less than $15,000.

Moreover, three out of four women working today will become pregnant some time during their working lives. The increased female labor force participation sends ripples through the family and the marketplace. As women take on more work outside the home, they have less time for their traditional role of managing home and family. This is particularly problematic around the time of childbirth and for a period of time immediately following childbirth. Most women who want to maintain a career and a family--or are forced to continue working out of economic necessity--need some time off at and following childbirth. Not to provide that time is to invite problems for women and their families. These problems also are manifested on the job. In his book, Child Care and Corporate Productivity, John P. Fernandez, a manager of personnel at AT&T, reports that 77 % of women and 73% of men surveyed take time away from work to attend to their children e.g., making phone calls, calling in sick when the child is ill. He estimates that this translates into hundreds of millions of dollars in lost output for U.S. corporations.

A recent Supreme Court decision underscored the fact that temporary job-guaranteed leaves for maternity related disabilities are viable. In California Federal Savings & Loan v. Guerra, the Supreme Court ruled that under the law in California, as well as several other states, job-guaranteed maternity leaves do not conflict with the Pregnancy Discrimination Act which amends Title VII of the Civil Rights Act. The Supreme Court emphasized that when Congress passed the Pregnancy Discrimination Act, it intended "to construct a floor beneath which pregnancy disability benefits may not drop - not a ceiling above which they may not rise."

The Court did not extend job-guaranteed disability benefits to all workers, however, as the Parental and Medical Leave Act, S. 249, would do. We strongly support the extension of job-guaranteed temporary leaves to all employees who need them. We also strongly support the provision for job-guaranteed parental leaves which will make possible a greater participation in child care by fathers. In addition, we are pleased that the parental leaves will be available to parents who adopt a child or who have seriously ill children. It is rarely acknowledged that fathers, too, are concerned and need time to be with their newborn children. As a recent Fortune magazine article (Feb. 16 1987) points out, fathers as well as mothers are experiencing "corporate guilt" -- they are worrying about the welfare of their young children while they work. As Dr. Joseph Pleck of the Wellesley College Male Roles Program suggested at the Association's parental leave conference, fathers need motivational and parenting skills as well as social supports. These are important factors to consider in developing legislation.

Association's Child Care Position

The Association's interest in parental leave was first demonstrated at a its 1982 national conference, "Child Care: Options for the 80's,". In developing an agenda for action to make child care more affordable and accessible, participants at this conference recommended the establishment of paid maternity/paternity benefits as part of statewide temporary disability insurance programs. This recommendation was based on concerns about infant and toddler child care in the United States and the growing tendency of mothers of very young children to return to work shortly after childbirth. The child care conference participants believed that parental leaves would offer an option for parents who would prefer to remain at home for a period following childbirth or the adoption of a child, thereby facilitating the process of bonding between families and children. Employers also ultimately would benefit from the improved productivity which ensues when an employee's family problems are minimized.

Previous Association Testimony on Child Care/Parental Leave

In testimony before the House Select Committee on Children, Youth and Families, in September 1984, the Association recommended greater federal leadership to improve the affordability and availability of child care. Federal leadership also is important and essential to securing parental leave coverage. While five states have initiated programs that cover temporary, non-occupational disabilities including those related to childbirth, most do not have such coverage and may be reluctant to initiate it without a federal directive or incentive.

In any case, the average disability leave related to childbirth is only six to eight weeks. Many parents want and need a longer period of time to get a good start at parenting even if this leave is unpaid. Therefore, we testified before the Select Committee that, "The Association supports policies which would affirm the rights of parents to paid and job protected leaves after childbirth. This could result in less need for infant care facilities and help children get a better physical and emotional start in the first critical months."

In addition, in 1985, the Association testified in support of the Parental and Disability Leave Act of 1985, H.R. 2020, before a joint hearing of the subcommittees on Civil Service and Compensation and Employee Benefits of the House Post Office and Civil Service Committee, and the subcommittees on Labor-Management Relations and Labor Standards of the House Education and Labor Committee.

Junior Leagues Support Child Care Services in the Community

Many Junior Leagues have become aware of the need for parental leave because of their involvement with child care services in their communities. In 1985/86, 27 Leagues reported supporting child care projects with nearly 500 Junior League volunteers and contributions of more than $571,700. A number of these projects report a rising demand for child care services for infants.

For instance, the Child Care Resource and Referral, an information and referral service operated cooperatively by the Junior League of Des Moines and Polk County, reports that requests for infant care accounted for 51 percent of the more than 2,200 calls received in the last six months of 1986. However, only eight of the 65 child care centers in the community provide infant care. Some of the children for whom care was sought were as young as six weeks; the average maternity leave for the majority of employees in Des Moines is six weeks.

Many of the mothers seeking infant care from the project express conflict about placing their newborns in care. However, the project reports that the decision to return to work generally is not a choice for most of the mothers seeking infant care. Increasingly, families requesting infant care are single female heads-of-household. In other cases, both parents' income is essential to maintaining the family; neither parent has the option to remain at home to care for the newborn child without significantly lowering the family income.

The situation in Des Moines is mirrored throughout the country. The Junior Leagues of Salt Lake City, Oklahoma City, Cedar Rapids and other cities, report the same problems--the number of requests for infant care continues to rise while the number of high-quality licensed care providers for infants remains low. Moreover, the requests for care often are accompanied by expressions of dismay and guilt by the parents at having to put their infants in care at such early ages.

Crisis in Infant and Toddler Child Care

Other national groups interested in child care share the Association's concern with the need for a parental leave policy. As a report "The Crisis in Infant and Toddler Child Care," issued by the Ad Hoc Day Care Coalition, points out, there is a crisis in infant and toddler child care in the United States. Twenty-six national organizations, including the Association of Junior Leagues, the National Black Child Development Institute, the National Association for the Education of Young Children, the National Center for Clinical Infant Programs, the Children's Foundation, the Children's Defense Fund, the Child Welfare League, the Board of Church and Society of the United Methodist Church, and the Women's Equity Action League called for a parental leave policy which would "develop methods of support for parental leave policies that make this a realistic option for families regardless of income or type of employment." The report states, "Many child development specialists and parents themselves believe that parental leaves to care for infants would be of substantial benefit to both child and parents. Accordingly, it is desirable to expand the child care options available to new parents."

Why the Association Supports S. 249

A recent survey conducted by the Association documents that both child care and parental leave rank in the top ten public policy issues of concern to the majority of individual Junior Leagues and the Leagues' State Public Affairs Committees. Clearly, our support for S. 249 reflects the concerns of Junior Leagues throughout the country. The Association supports S. 249 because it embodies most of the objectives endorsed by participants at the Association's parental leave conference, such as job-protected leaves of absence for temporary disabilities including those that are pregnancy- and childbirth-related; job-protected leaves for parents of newborn, newly adopted, and seriously ill children; the provision of leaves for both parents; and, the provision for flexible work schedules when parents return to work after a parental leave. We believe it is important to make a start toward enacting a sensible parental leave policy, even if the full scope of parental leave coverage endorsed by the Association is not in the final version of the bill.

Opponents of this legislation focus solely on the issue of cost. We, too, are concerned with the cost to employers and that is why we support the small business exemption. However, we urge that this exemption for employers of 15 or fewer employees not be raised. As it is, this exemption excludes 22 percent of the workforce. We also urge that businesses recognize that, in the case of pregnancy, the need for leave is known well in advance and can be planned for accordingly. Most important, the history of fair labor standards is clear: pressing social problems can be alleviated by a federal standard--and federal standards can be accommodated by business. Like the Social Security Act and child labor laws, parental and medical leave legislation would be consistent with a long and established history of labor relations. The costs to business would be minimal and the benefits to families would be great.

The Importance of Paid Leaves

While S. 249 does not include a requirement that paid disability or paid parental leaves must be available, the Association is optimistic that the need for some form of paid leave will become apparent during hearings on this legislation. We are pleased that S. 249 recognizes the need for paid parental leave by mandating the establishment of an advisory panel to recommend legislative means to provide salary replacement for employees taking parental and temporary medical leaves.

We encourage the Congress to do more research on the full costs of the temporary disability initiative (TDI) programs in the states which have them and how those costs are distributed. Incidentally, employers who attended our parental leave conference pointed out that a universal TDI system would provide a base on which they could build a parental leave policy.

A strong consensus developed concerning the importance of providing paid temporary disability leaves during our conference. Conference participants agreed that low-income employees simply cannot afford to take a desirable period of leave from work unless they receive some type of income replacement. Lacking that resource, low-income parents may be forced to choose between staying home and relying on public assistance, or returning to work too soon for the well-being of the mother and the child. Furthermore, most low-income parents cannot afford the higher quality infant care, which is very expensive, and thus may rely on substandard care.

This Congress has the opportunity to do something truly significant for families. I appreciate the opportunity to appear before you today and look forward to working with you in the coming months to ensure enactment of parental and medical leave legislation.

Cheryle Mitvalsky
Board Member
Association of Junior Leagues

Senator DODD. Ms. Nussbaum, again we are pleased to have you with us this morning and will be glad to receive your testimony.

Ms. NUSSBAUM. Thank you, Senator Dodd.

My name is Karen Nussbaum, and I am here representing the Service Employees International Union, and 9 to 5, the National Association of Working Women.

I am accompanied by Peggy Connerton, the chief economist of the SEIU.

I am pleased to testify in support of Senate bill 249, companion of House bill 925, which is the first bill named for us, as far as I know, and I cannot think of a better issue to be associated with.

The fundamental facts are these. Newborns need their parents, and their parents need their jobs; and that is why we need this bill.

I will make three points in my testimony today: most women ~~are~~ found in the workplace; our work force is becoming increasingly marginal, with few policies responding to the needs of the working family: and the cost to employers of implementing this bill is negligible.

Women are in the paid work force in record numbers. Over half of all women work outside the home, and in ten years, more women will work than men. By 1990, 91 percent of women in prime childbearing years will be working.

These women are part of a new work force which is characterized by lower pay and the need for two-wage families. In fact, two-wage families are now the norm, and soon may expect to earn less than one-wage families of the recent past.

These working parents have little support. Most companies tend not to provide disability pay for pregnancy and childbirth, or even unpaid leave with a job guarantee, and we can expect benefits in small companies where a majority of Americans work, to be worse.

The new reality is that most women work; most households have two wage-earners; and most working parents have no guaranteed support when it comes time to care for their newborn, newly adopted, or seriously ill children, or when it comes to coping with a serious illness themselves. Legislation is acutely needed.

We are not saying S. 249 is cost-free. But we challenge the claim that unpaid family leave would bankrupt business, with the tab running into the tens of billions of dollars each year.

One such study by the Chamber of Commerce grossly inflates the cost to the tune of $16 billion. While their claims are not backed up by supporting evidence, an important flaw shows up in their methodology. Contrary to sound business practice, the Chamber assumes in calculating their $16 billion that employers will always hire the most costly replacement workers—agency temporary workers.

For example, the Chamber places the net cost to a Washington, DC, business to replace a word processor on leave at $5,000, based on a $15.50 an hour agency temporary cost. But a BNA study found that total wage and benefit costs were lower for these workers than for regular employees. What is expensive is the hefty mark-up fees—often 40 percent or more—to an outside agency.

Not surprisingly, agency temps are a small fraction of the temporary work force. Most employers hire temps directly. And although 9 to 5 and SEIU would have it otherwise, the pay for temps is notoriously low, averaging more than $2 an hour less than pay for other employees, as we found in 9 to 5's report, "Working at the Margins."

I have provided written testimony which confirms what many of us already know—the net payroll costs could actually drop for many companies during the period of parental leave.

Indeed, a study by Catalyst found the vast majority of companies routinely re-route the work of employees on leave. Eighty-six percent said arranging for leave was relatively easy, and 80 percent considered it reasonable for women to take time off beyond the disability of childbirth.

Other factors lower the Chamber's $16 billion estimate. For example, many large companies already have short-term disability policies. Small employers with less than 15 employees are not included in the bill, thereby exempting 22 percent of the work force. And there are 14 States with temporary disability insurance programs and/or parental leave policies which account for 35 percent of all workers.

Finally, fully one-third of the Chamber of Commerce costs are what they call "low productivity"—however, the productivity costs are higher when companies force well-trained workers to quit their jobs to be at home with their newborns. Costs of temp workers would be more than offset by savings in recruiting, hiring and training permanent replacement workers.

The economic and social costs to families of not having these provisions is incalculable.

In conclusion, let me speak personally. As Director of 9 to 5, I too run a small concern, one that is staffed almost entirely by women of childbearing age. And I will admit I felt put out the first few times someone wanted parental leave. But I have come to learn that a good manager can manage it, and it is a relatively small disruption when it comes to years of service from trained employees.

I am also the adoptive mother of two boys. They needed time with me and my husband as much as, if not more than, other infants. Yet only 18 percent of the largest companies offer any adoption leave.

Jane Pauley from the "Today Show" was on a well-publicized maternity leave last year. She would not have wanted to choose between having her baby and keeping her job. Neither would her secretary, her bank teller, or the nurse on her maternity ward.

This bill means everyone will have the same rights to bear children and to support them.

Thank you.

Senator

DODD. Thank you very much for your testimony, and by the way, I have looked at the data as well that you have in your remarks, and that will be made a part of the record as well. It is a very good analysis.

Ms. NUSSBAUM. Thank you.

[The prepared statement of Ms. Nussbaum follows:]

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TESTIMONY OF

SERVICE EMPLOYEES INTERNATIONAL UNION, AFL-CIO, CLC AND

9 to 5, NATIONAL ASSOCIATION OF WORKING WOMEN

BEFORE

THE HONORABLE CHRISTOPHER J. DODD
CHAIR

SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS & ALCOHOLISM
COMMITTEE ON LABOR & HUMAN RESOURCES
U.S. SENATE

February 19, 1987

"Parental and Medical Leave Act of 1987"

SUBMITTED BY:

Karen Nussbaum

President, District 925, Service Employees International Union
Executive Director, 9 to 5, National Association of Working Women

THANK YOU, SENATOR DODD AND THE COMMITTEE, FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY. MY NAME IS KAREN NUSSBAUM, AND I AM HERE REPRESENTING 9 TO 5, THE NATIONAL ASSOCIATION OF WORKING WOMEN; AND THE SERVICE EMPLOYEES INTERNATIONAL UNION, WITH 850,000 MEMBERS IN THE SERVICE SECTOR, OVER HALF OF WHOM ARE WOMEN. I AM ACCOMPANIED BY PEGGY CONNERTON, CHIEF ECONOMIST OF THE SERVICE EMPLOYEES INTERNATIONAL UNION.

SEIU AND 9 TO 5 HAVE A LONG HISTORY OF INTEREST AND ACTIVISM ON ISSUES OF CONCERN TO WORKING FAMILIES. JOHN SWEENEY, PRESIDENT OF THE SERVICE EMPLOYEES INTERNATIONAL UNION, WAS MOST RECENTLY CO-CHAIR OF THE FAMILY POLICY COMMITTEE OF THE ECONOMIC POLICY COUNCIL OF THE UNITED NATION'S ASSOCIATION OF THE U.S.A. UNDER HIS LEADERSHIP, A MAJOR REPORT WAS ISSUED WHICH ADDRESSED THE NEED FOR A COMPREHENSIVE FAMILY POLICY. SENATE BILL S. 249,

A BILL WHICH WILL PROVIDE UP TO 18 WEEKS OF UNPAID PARENTAL LEAVE

AND UP TO 26 WEEKS FOR A SERIOUS ILLNESS, IS JUST ONE PIECE OF SUCH A POLICY. I AM PLEASED TO TESTIFY IN SUPPORT OF THIS BILL.

THE FUNDAMENTAL FACTS ARE THESE: NEWBORNS NEED THEIR PARENTS, AND PARENTS NEED THEIR JOBS. THAT'S WHY WE NEED THIS BILL.

I WILL MAKE THREE POINTS IN MY TESTIMONY:

1) TODAY, MOST WOMEN ARE FOUND IN THE WORKPLACE;

2) OUR WORKFORCE IS BECOMING INCREASINGLY MARGINAL IN ITS CHARACTERISTICS, WHICH MEANS THAT WORKING FAMILIES HAVE LESS ACCESS TO EITHER PAY OR SUPPORT SYSTEMS THAT ALLOW THEM TO BOTH BEAR CHILDREN AND SUPPORT THEM; AND

3) UNPAID PARENTAL LEAVE WILL NOT BANKRUPT AMERICAN BUSINESSES.

WOMEN IN THE WORKFORCE

WOMEN ARE IN THE PAID WORKFORCE IN RECORD NUMBERS. OVER HALF OF ALL WOMEN WORK OUTSIDE THE HOME, ACCOUNTING FOR 44% OF THE WORKFORCE. IN TEN YEARS, WOMEN WILL BE IN THE MAJORITY. AN EVEN MORE STARTLING TREND IS THE INFLUX OF MOTHERS WITH YOUNG CHILDREN INTO THE LABOR FORCE. IN 1985, 54% OF THE WOMEN WITH CHILDREN UNDER 6 WERE WORKING -- FOUR TIMES THE 1950 LEVEL.

MOST WOMEN WORK OUT OF ECONOMIC NECESSITY. FORTY-ONE PERCENT OF MARRIED WORKING WOMEN HAVE HUSBANDS WHO EARN LESS THAN $15,000 PER YEAR. OVER TEN MILLION WOMEN ARE HEADS OF HOUSEHOLDS. AND THE CONCLUSION OF MOST ECONOMISTS IS THAT BY FAR THE GREATEST GROWTH IN JOBS WILL BE IN LOW-PAID SERVICE SECTOR JOBS, REINFORCING THESE TRENDS.

MORE WOMEN IN THE WORKFORCE MEANS WORKING PARENTS -- MEN AND WOMEN -- NEED SUPPORT STRUCTURES FOR COPING WITH THE DUAL DEMANDS OF WORK AND FAMILY ON AN UNPRECEDENTED SCALE.

WORK IS MORE MARGINAL

THE INFLUX OF WOMEN INTO THE WORKFORCE CORRESPONDS WITH THE SHIFT FROM MANUFACTURING TO THE SERVICE SECTOR. IN OUR RECENT REPORT, WORKING AT THE MARGINS: PART-TIME AND TEMPORARY WORKERS IN THE U.S., 9 TO 5 FOUND THAT WORK IN AMERICA IS IN AN UPHEAVAL. A PATTERN OF WORK NEARLY A CENTURY OLD IS CHANGING IN THE SPAN OF A FEW SHORT DECADES.

ONE MAJOR RESULT IS THE PUSH OF AMERICAN WORKERS TO THE MARGINS OF THE WORKFORCE, WHERE WORK IS CHARACTERIZED BY LOWER PAY AND THE NEED FOR TWO PAYCHECKS. IN FACT, DUAL-EARNER FAMILIES ARE NOW THE NORM, AND SOON CAN EXPECT TO EARN LESS THAN THE ONE-WAGE FAMILIES OF THE RECENT PAST.

THE "NEW WORKFORCE" IS ALSO CHARACTERIZED BY THE LACK OF JOB SECURITY AND HEALTH AND WELFARE BENEFITS. MOST IMPORTANT FOR OUR CONSIDERATION HERE ARE THE FOLLOWING FACTS:

-- ONLY 40% OF WORKING WOMEN IN SMALL AND MEDIUM SIZE FIRMS ARE COVERED BY DISABILITY PLANS THAT DEAL WITH THE TIME OF CHILDBIRTH AND RECOVERY; COMPARED TO 95% OF LARGE BUSINESSES.

-- A RECENT STUDY BY THE CHAMBER OF COMMERCE FOUND THAT ONLY 50% OF THE 700 FIRMS SURVEYED HAD EITHER A PARENTAL OR DISABILITY LEAVE PLAN. OF THESE, ONLY 31% ROUTINELY GRANTED 8 WEEKS OR MORE LEAVE.

-- ONLY HALF OF THE LARGEST (FORTUNE 1500) COMPANIES ALSO OFFER UNPAID LEAVE WITH A JOB GUARANTEE. BY CONTRAST, ALL OTHER INDUSTRIALIZED COUNTRIES PROVIDE PAID PARENTAL LEAVE, UP TO 14 WEEKS OR MORE, WITH FULL JOB RIGHTS.

-- PARENTAL AND ADOPTION LEAVE POLICIES ARE RELATIVELY RARE.

FOR EXAMPLE, ONLY ABOUT 18% OF THE LARGEST U.S. COMPANIES OFFER ANY ADOPTION LEAVE, USUALLY 30 DAYS OR LESS.

-- AS WE ALL KNOW, BENEFITS IN SMALL COMPANIES, WHERE A MAJORITY OF AMERICANS WORK, ARE FAR WORSE THAN THOSE STATED ABOVE.

THE NEW WORKFORCE REALITY IS THAT A MAJORITY OF WOMEN WORK. A MAJORITY OF HOUSEHOLDS HAVE TWO WAGE-EARNERS. AND A MAJORITY OF WORKING PARENTS MAY HAVE TROUBLE GETTING THEIR JOBS BACK -- WHEN IT'S TIME TO CARE FOR THEIR NEWBORN, NEWLY ADOPTED, OR SERIOUSLY ILL CHILDREN, OR WHEN IT COMES TO COPING WITH A SERIOUS ILLNESS THEMSELVES.

BUSINESS HAS NOT KEPT PACE WITH THE NEW REALITY, AND THE RESULT HAS BEEN AN ECONOMIC CATASTROPHE FOR WORKERS.

CONSIDER THE EXECUTIVE SECRETARY IN GEORGIA WHO WAS FIRED FROM HER JOB THREE DAYS BEFORE SHE RETURNED FROM MATERNITY LEAVE. SHE TOOK OFF ONLY SIX WEEKS, BUT HER RETURN TO WORK STILL WASN'T QUICK ENOUGH TO SATISFY HER BOSS.

OR TAKE THE CASE RECENTLY DECIDED BY THE SUPREME COURT CONCERNING MISSOURI'S RIGHT TO DENY UNEMPLOYMENT INSURANCE TO A WORKER DENIED REINSTATEMENT WHEN SHE SOUGHT TO RETURN TO WORK AFTER THE BIRTH OF HER CHILD. LINDA WIMBERLY, A CASHIER AT J.C. PENNY, WAS WILLING TO RETURN TO WORK ONLY THREE WEEKS AFTER THE BABY WAS BORN.

THE COST TO EMPLOYERS WILL BE NEGLIGIBLE

NEITHER THE SERVICE EMPLOYEES INTERNATIONAL UNION NOR OTHER PROPONENTS OF S.249 HAVE SAID THAT UNPAID PARENTAL LEAVE IS COST-FREE. ON THE OTHER HAND, WE STRONGLY CHALLENGE THE CLAIM THAT UNPAID FAMILY LEAVE WOULD BANKRUPT BUSINESS -- WITH THE TAB RUNNING INTO THE TENS OF BILLIONS OF DOLLARS EACH YEAR.

ONE SUCH STUDY BY THE CHAMBER OF COMMERCE GROSSLY INFLATES THE COST TO THE SCARY TUNE OF $16 BILLION A YEAR FOR UNPAID FAMILY LEAVE ALONE. WHILE THESE CLAIMS ARE NOT BACKED-UP BY SUPPORTING EVIDENCE, AN IMPORTANT FATAL FLAW SHOWS UP IN THE METHODOLOGY. CONTRARY TO SOUND BUSINESS PRACTICE, THE CHAMBER ASSUMES THAT EMPLOYERS WILL ALWAYS HIRE THE MOST COSTLY REPLACEMENT WORKERS --AGENCY TEMPS.

FOR EXAMPLE, THE CHAMBER PLACES THE NET COST TO A BUSINESS IN THE WASHINGTON D.C. AREA TO REPLACE A WORD PROCESSOR WHO TAKES 18 WEEKS AND THEN RETURNS TO THE JOB AT $5,000, BASED ON A $15.50 AGENCY TEMP COST.[1]

YET, ALTHOUGH 9 TO 5 AND SEIU WOULD HAVE IT OTHERWISE, THE PAY FOR TEMPORARY WORKERS IS NOTORIOUSLY LOW, AVERAGING MORE THAN TWO DOLLARS AN HOUR LESS IN PAY THAN FOR OTHER EMPLOYEES. (THE

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[1] THE COST OF AN AGENCY TEMP IS OVERSTATED BY 8% SINCE 18 WEEKS DOESN'T EQUAL THE 4.5 MONTHS USED IN THEIR CALCULATIONS.

AVERAGE IN 1985 WAS $6.38 AN HOUR FOR TEMPS COMPARED TO $8.54 FOR ALL NON-FARM WORKERS.) AND ACTUALLY THE COST OF TEMPORARY WORKERS IS EVEN LESS -- FEW RECEIVE ANY BENEFITS AT ALL.

IN THE BUREAU OF NATIONAL AFFAIRS SURVEY ON TEMPORARY WORK, 59% OF COMPANIES WHO HIRED SHORT-TERM TEMPORARIES REPORTED THAT TOTAL WAGES AND BENEFITS COSTS WERE LOWER FOR THESE WORKERS THAN FOR REGULAR EMPLOYEES.

WHAT IS EXPENSIVE IS THE HEFTY MARK-UP FEES -- OFTEN 40% OR MORE -- TO AN OUTSIDE AGENCY.

A GROWING NUMBER OF COMPANIES ARE DIRECTLY RECRUITING SHORT-TERM WORKERS TO AVOID THESE COSTS. AFTER PAYING THE DIRECT RECRUITMENT COSTS, THE "DIRECT HIRE" TEMPS OFTEN WORK AT THE ENTRY LEVEL PAY WITHOUT MOST BENEFITS EXCEPT FOR LEGALLY-MANDATED UI, SOCIAL SECURITY AND OTHER TAXES. THE ATTACHED TABLE LOOKS AT THE PAYROLL COSTS OF "DIRECT HIRE" TEMPORARIES IN 20 CITIES WHEN

SECRETARIES TAKE PARENTAL LEAVE, BASED ON THE CHAMBER'S METHODS.[2] THIS TABLE CONFIRMS WHAT MANY OF US KNOW ALREADY -- THAT NET PAYROLL COSTS COULD ACTUALLY DROP FOR MANY COMPANIES DURING THE PERIOD OF UNPAID PARENTAL LEAVE.

SOME MAY ARGUE THAT THIS IS OVERLY SIMPLISTIC. IN REALITY, SOME COMPANIES MAY ACTUALLY EMPLOY WORKERS FROM TEMPORARY AGENCIES; BUT MORE COMMONLY, EMPLOYERS WILL SIMPLY RE-ROUTE WORK AND HIRE NO TEMPORARY HELP AT ALL. THE CATALYST, CAREER AND FAMILY CENTER IN 1986 FOUND THAT THE OVERWHELMING MAJORITY OF THE COMPANIES SURVEYED ROUTINELY RE-ROUTED THE WORK OF EMPLOYEES ON LEAVE.

NEARLY 80% RE-DIRECTED MANAGERIAL WORK, AND 73.8% SPREAD AROUND NONMANAGERIAL WORK. AN OVERWHELMING 86.4% SAID THAT

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[2] THE CHAMBER'S METHODOLOGY HAS BEEN MODIFIED TO TAKE INTO ACCOUNT THE SAVINGS IN VACATION AND SICK LEAVE ACCRUALS AND OTHER DIRECT BENEFIT SAVINGS WHEN AN INDIVIDUAL TAKES AN UNPAID LEAVE OF ABSENCE.

SETTING UP A LEAVE PERIOD AND ARRANGING TO CONTINUE BENEFITS WAS RELATIVELY EASY. AND 80% CONSIDERED IT REASONABLE FOR WOMEN TO TAKE TIME OFF BEYOND THE DISABILITY OF CHILDBIRTH. WHAT THIS TELLS US IS THAT COSTS WILL BE MODEST.

AS AN ASIDE, THE CHAMBER OF COMMERCE WILL ADMIT THAT THERE ARE ALSO "OFFSETS" WHICH WORK TO LOWER THEIR COST ESTIMATES BECAUSE INDIVIDUAL EMPLOYER POLICIES AND STATE POLICIES INCLUDE PARENTAL LEAVE PRACTICES. HOWEVER, THESE COST OFFSETS ARE NOT SMALL CHANGE. FOR EXAMPLE, COSTS MUST BE LOWERED TO REFLECT THE 95% OF LARGE COMPANIES THAT HAVE SHORT-TERM DISABILITY POLICIES PROVIDING AN AVERAGE 6-8 WEEKS OF LEAVE.

ALSO, S. 249 DOES NOT COVER SMALL EMPLOYERS (THOSE WITH FEWER THAN 15 EMPLOYEES), THEREBY EXEMPTING 22% OF THE WORKFORCE.

WHAT'S MORE, THIS FIGURE SHOULD BE ADJUSTED TO REFLECT THE POLICIES OF THE 5 STATES WITH TEMPORARY DISABILITY INSURANCE PROGRAMS AND THE 9 STATES WITH OTHER PARENTAL LEAVE POLICIES. TOGETHER,THESE STATES HAVE 35 % OF ALL WORKERS.

FINALLY, FULLY ONE-THIRD OF THE CHAMBER OF COMMERCE COSTS ARE FOR "LOST PRODUCTIVITY".

THIS ADJUSTMENT PRESUMABLY RESULTS FROM HIRING TEMPORARY WORKERS FOR THE PERIOD OF FAMILY LEAVE. HOWEVER, THE PRODUCTIVITY COSTS ARE SURELY HIGHER WHEN COMPANIES FORCE WELL-TRAINED WORKERS TO QUIT THEIR JOBS TO BE AT HOME WITH THEIR NEWBORNS.

BUSINESSES ALREADY GO TO GREAT LENGTHS TO REDUCE EMPLOYEE TURNOVER -- WHICH CURRENTLY AVERAGES ABOUT 15% IN THE NON-MANUFACTURING SECTOR. THE COST OF HIRING TEMPORARY WORKERS WILL BE MORE THAN OFFSET BY SAVINGS IN RECRUITING, HIRING, AND

TRAINING IF NEW PARENTS ARE ALLOWED TO RETURN TO THE SAME EMPLOYER. ALSO, MANY TEMPS WILL BE CONVERTED TO PERMANENT STATUS WHEN THE NEW PARENT RETURNS BECAUSE OF NORMAL TURNOVER.

CURRENTLY, BUSINESS SPENDS $44 BILLION AND $180 BILLION A YEAR RESPECTIVELY ON FORMAL AND INFORMAL TRAINING. IT WOULD BE FAR MORE COSTLY IN THE LONG-RUN -- AND A WASTE OF HUMAN CAPITAL -- IF HAVING CHILDREN FORCES WORKERS AND BUSINESSES TO LOSE THE VALUE OF SKILLS AND KNOWLEDGE ACQUIRED ON THE JOB.

HIGH TURNOVER OF WOMEN EMPLOYEES IS ALSO A SHORT-SIGHTED LABOR MARKET POLICY. A 1987 STUDY BY THE POPULATION REFERENCE BUREAU REVEALS THAT PROJECTED LABOR SHORTAGES IN THE 1990'S WILL MAKE IT HARDER TO REPLACE EXPERIENCED FEMALE WORKERS WHO LEAVE WORK TO START A FAMILY.

IN GENERAL, JUGGLING WORK AND BABIES TAKES A TOLL ON PRODUCTIVITY. FORTUNE'S RECENT SURVEY OF 400 WORKING PARENTS REVEALED THAT NEARLY 70% OF MOTHERS FEEL STRESS. SOME 41% OF PARENTS LOSE AN AVERAGE ONE DAY'S WORK IN 3 MONTHS TO TEND FOR A SICK CHILD OR OTHER FAMILY MATTERS.

FINALLY, THE CHAMBER OF COMMERCE MUST FACTOR IN THE BENEFIT SIDE OF THE PROPOSED FAMILY LEAVE POLICY. DEPRIVING FAMILIES OF THEIR ABILITY TO CARE FOR NEWBORNS AND SERIOUSLY SICK CHILDREN UNDERMINES THE STABILITY OF FAMILIES, WITH BOTH ECONOMIC AND SOCIAL COSTS. FOR EXAMPLE, FAMILIES HEADED BY WOMEN FORCED TO QUIT THEIR JOBS END UP ON THE WELFARE ROLLS.

IN THE AGGREGATE, THE GOVERNMENT COULD SAVE MONEY BY BETTER SUPPORTING THE FAMILY UNIT. THE POPULATION REFERENCE BUREAU SHOWED THAT THE POTENTIAL LABOR MARKET PARTICIPATION OF WOMEN WITH A HIGH SCHOOL EDUCATION OR LESS COULD INCREASE BY OVER 13% IF AFFORDABLE CHILD CARE WAS FOUND.

SOME FINAL NOTES: FIRST, IT IS CRITICAL THAT LEAVE BE AVAILABLE TO BOTH MOTHERS AND FATHERS. WHEN MOTHERS ARE FORCED TO LEAVE THE WORKFORCE, IT WORSENS EXISTING INEQUALITIES BETWEEN MALE AND FEMALE PAY, AND IT RAISES THE INCIDENCE OF UNEMPLOYMENT AMONG WOMEN. IT IS IN EFFECT ANTI-FAMILY, BECAUSE WOMEN WILL RESPOND BY HAVING FEWER CHILDREN OR DECIDE NOT TO HAVE THEM AT ALL. THESE CONCERNS GROW GREATER AS MORE WOMEN MUST WORK OUT OF ECONOMIC NECESSITY, AND MORE FAMILIES DEPEND ON WOMEN'S INCOME.

SECONDLY, WE VIEW THIS UNPAID LEAVE AS A MINIMUM STANDARD TO ADDRESS PARENTAL NEEDS. BECAUSE IT IS NOT COSTLY, IT DOESN'T TAKE-AWAY FROM OTHER EMPLOYEE BENEFITS. EMPLOYERS STILL HAVE THE FLEXIBILITY TO PROVIDE AN ARRAY OF OTHER COST-EFFECTIVE BENEFITS THAT HELP AMERICA'S FAMILIES -- FLEXITIME, PARENTING LEAVES, CHILD CARE ASSISTANCE.

WHILE THERE'S MUCH TALK TODAY OF "CAFETERIA-STYLE" FLEXIBLE BENEFIT PLANS, WE'VE NOT RUN INTO UNPAID PARENTAL LEAVE AMONG THE BENEFITS OPTIONS OFFERED IN SUCH PLANS.

THANK YOU, SENATOR.

TABLE 1: COST OF S.249 FOR PARENTAL LEAVE OF SECRETARIES IN 20 CITIES

CITY	TOTAL SECRETARIAL EMPLOYMENT	AVERAGE WEEKLY WAGE RATE	TEMPORARY WEEKLY WAGE RATE (1)	PERMANENT WORKERS HEALTH COST (2)	TEMPORARY LEGAL COSTS (3)	PERMANENT LEGAL COSTS (3)	OTHER FRINGE COSTS FOR PERMANENT (4)	TEMPORARY PAID REST BREAKS (5)	PERMANENT PAID REST BREAKS (5)	NET PAYROLL SAVINGS (6)
ATLANTA	5,026	$377.00	$307.50	$27.14	$29.21	$35.82	$49.39	$10.76	$13 9	($100.80)
BALTIMORE	3,152	$377.50	$310.00	$20.39	$29.45	$35.86	$50.21	$10.85	$13.21	($106.10)
BOSTON	8,551	$385.00	$326.50	$20.79	$31.02	$36.58	$51.21	$11.43	$13.48	($96.52)
CHICAGO	15,225	$389.00	$330.00	$21.01	$31.35	$36.96	$51.74	$11.55	$13.62	($97.40)
CLEVELAND	2,791	$371.00	$309.50	$20.03	$29.40	$35.25	$49.34	$10.83	$12.99	($98.80)
DALLAS	9,535	$381.00	$320.00	$20.57	$30.40	$36.20	$50.67	$11.20	$13.34	($99.03)
DENVER	3,407	$381.00	$322.50	$20.57	$30.64	$36.20	$50.67	$11.29	$13.34	($96.20)
DETROIT	9,002	$470.00	$372.00	$25.38	$35.34	$44.65	$62.51	$13.02	$16.45	($147.87)
KANSAS CITY	2,511	$369.50	$308.50	$19.95	$29.31	$35.10	$49.14	$10.80	$12.93	($98.12)
LOS ANGELES	26,418	$445.00	$378.00	$24.03	$35.91	$42.28	$59.19	$13.23	$15.58	($110.87)
MIAMI	3,319	$353.00	$299.50	$19.06	$28.45	$33.54	$46.95	$10.48	$12.36	($88.34)
MILWAUKEE	2,208	$366.50	$299.00	$19.79	$28.41	$34.82	$48.74	$10.47	$12.83	($105.23)
NEW YORK	30,196	$405.00	$341.00	$21.87	$32.40	$38.48	$53.87	$11.94	$14.18	($104.32)
PHILADELPHIA	8,144	$364.50	$294.00	$19.68	$27.93	$34.63	$48.48	$10.29	$12.76	($108.46)
PITTSBURGH	3,902	$367.00	$301.00	$19.82	$28.60	$34.87	$48.81	$10.54	$12.85	($103.57)
SAN FRANCISCO	6,431	$423.00	$357.50	$22.84	$33.96	$40.19	$56.26	$12.51	$14.81	($107.43)
ST. LOUIS	5,218	$359.00	$288,00	$19.39	$27.36	$34.11	$47.75	$10.08	$12.57	($108.59)
WASHINGTON D.C.	9,319	$392.50	$338.00	$21.20	$32.11	$37.29	$52.20	$11.83	$13.74	($92.59)
TOTAL SECRETARIAL EMPLOYMENT	154,355									

AVERAGE WEEKLY SAVINGS PER PARENTAL (7)
LEAVE WITH DIRECT HIRE TEMPORARIES $89.09

Source: 1985 U.S. Chamber of Commerce
Employee Benefits Survey
Bureau of Labor Statistics Area
Wage Surveys 1985-1986

FOOTNOTES FOR TABLE 1:

(1) Average Weekly Wage Rate-Temporary Weekly Wage Rate: Bureau of Labor Statistics Area Wage Surveys December 1985-December 1986. The Average Weekly Rate for secretaries is computed by totaling earnings of all workers and dividing by the number of workers. It was assumed that temporary secretaries would receive a starting rate of pay. However, the Bureau of Labor Statistics does not provide a starting rate for each job classification. The BLS defines a "middle range" of pay. The middle range is defined as two rates of pay; one-fourth of the workers earn the same as or less than the lower of these rates and one-fourth earn the same as or more than the higher. Therefore, we have conservatively estimated the entry temporary weekly wage as the rate of pay which one-fourth of all secretaries earn less than.

(2) Permanent Workers Health Cost: The 1985 U.S. Chamber of Commerce report on Employee Benefits surveyed 1,000 companies nationwide. According to the survey, in 1985 average health benefits were 7.2% of total payroll. This was used to calculate a weekly health insurance cost for the permanent worker on parental leave in each city. (7.2% x Average Weekly Wage Rate)

(3) Temporary Legal Costs and Permanent Legal Costs: U.S. Chamber of Commerce report on Employee Benefits. Legally required payments for the temporary secretary, including FICA, Unemployment Compensation, and Workers Compensation. (9.5% x Temporary Weekly Wage) The permanent legal costs will not be paid during the period of parental leave. (9.5% x Average Weekly Wage Rate)

(4) Other Fringe Costs for Permanent: U.S. Chamber of Commerce Report on Employee Benefits. Total of 13.13% additional costs of benefits not paid while permanents are on parental leave. (Payments for time not worked ie.vacations, personal leave, sick leave (9.4%). Profit Sharing, thrift plans, Christmas bonus (2.5%). Short term disability, Long Term Disability, miscellaneous payments (1.2%). Total of 13.13% x Average Weekly Wage Rate)

(5) Temporary and Permanent Paid Rest Breaks: U.S. Chamber of Commerce Report. Paid rest periods include lunch, breaks, wash-up time, travel time and get ready time. (3.5% x temporary weekly wage rate) (3.5% x average weekly wage)

(6) Net Payroll Savings: On a weekly basis, by hiring a replacement secretary companies can be expected to save this amount in each of the 20 cities surveyed. This net does not include the cost of recruiting and hiring a temporary replacement.

Example of Net Payroll Savings-- Atlanta, GE

Cost for replacement:	Temporary Weekly Wage Rate= $307.50
	Temporary Legal Costs= $29.21
	Temporary Paid Rest Breaks=$10.76
	Permanent Workers Health Costs=$27.14
	Total Weekly Replacement Cost=$374.61
Savings for worker on parental leave:	
	Permanent Weekly Wage Rate=$377.00
	Permanent Legal Costs=$35.82
	Other Fringe Costs for Permanent=$49.39
	Permanent Paid Rest Breaks=$13.20
	Total Weekly Parental Leave Savings=$475.41

Net Payroll Savings per week for Atlanta: ($374.61-$475.41 = -$100.80)

(7) Average Weekly Savings Per Parental Leave with Direct Hire Temporaries: A weighted average of net payroll savings was obtained for the 20 cities in the survey. This savings totaled $105.51 per week. From these savings, an average cost of $16.42 per week for recruiting and hiring the temporary replacement worker was subtracted to obtain a total savings figure of $89.09 per week.

Recruiting Costs:
Employment Interviewer Hourly Wage=$21.12 (Source:Executive Compensation Service, Inc. Professional and Scientific Personnel Report)
Total Hours For Recruiting (2 days x 7 hours) 14 Hours
Wage costs for employment interviewer= $295.68
Advertising Costs= $100
Total Recruitment Costs=$395.68
Total Recruitment Costs per week=$16.42 ($395.68/18 weeks)

Recruitment costs can vary widely between jobs. For example, more technical jobs may require greater search and interviewing costs to find a qualified temporary worker. In 1985, for example, a survey done by the Journal of Nursing Administration reported hiring costs for new nurses to be $1,500 per position. This included training costs, which presumably would be lower for temporary positions.

Senator **Dodd**. I thank all of you for being here.

We have been joined by Senator Harkin of Iowa. Tom, do you have an opening statement you would like to make? If not, we will go to some questions.

Senator **Harkin**. I have no opening statement, thank you, Mr. Chairman.

Senator **Dodd**. Fine.

Dr. Zigler, I will start with you if I can. Ms. Goebel, who was one of the witnesses in our first panel, mentioned that she, in addition to her other difficulties, is going through a divorce. Have you examined at all, or do you have any information—and maybe if you do not, some of the others do—but is this an uncommon experience in the adoption process?

Dr. **Zigler**. No, it is not uncommon at all, Senator Dodd. The fact is that the two great demographic changes of our time are the entry of women in the out-of-home workplace in such large numbers, and the fantastic increase in the divorce rate. It seems to have leveled off, but it is still at about 50 percent. It is not uncommon for a very stressful situation to pull the seams of a marriage apart. That is what it sounds like happened in this case.

Senator **Dodd**. In the research you have been able to do—you mentioned New Jersey, and there has been some done in other States like New York, Rhode Island, Hawaii, and California, that have State temporary disability programs? Can you give us any indication of the kind of cost involved with those programs in the studies that you have done?

Dr. **Zigler**. We have not examined the disability costs. The quote was from Governor Kean, who has. We have done a survey of some 200 mothers in the State of Connecticut, with which you are very familiar.

What struck me about these people who spoke to this issue was their reasonableness. They are aware that they have very little. This hearing must be put into the framework of the new demographics today in the United States, 40 percent of working women have absolutely no benefits; 60 percent have benefits ranging from satisfactory to wholly inadequate.

If you ask women what they want, they could write your bill for you. In our survey with Connecticut mothers we found women asking for a time out to care for their new born or newly adopted infants, something on the order of 3 to 3½ months. Those of us who are in child development wish they realized that they could benefit from more, but they are in very desperate circumstances. They cannot take long leaves. They have to get back to work to support their families.

Senator **Dodd**. There is a frequently quoted comment from some of the business groups that "Better laws do not make better parents." How important do you rate the parental leave issue on the scale of all the other questions that come up—child abuse, for instance, day-care, and the like? There are a whole host of issues we have to deal with. Where would you place this issue in the context of those other ones?

Dr. **Zigler**. You are correct, Senator, that all of these issues are related. One reason I convened the Committee on Infant Care

Leaves was the terrible situation in this country in regard to obtaining good-quality infant care.

Psychologists differ on the effects of infant care, but there is total agreement that the best caretaker for the child in the first few months of life, for a variety of reasons, is that child's parents. Trying to determine which of the problems you mention is the most deleteries to children's welfare is difficult for me, because I know the serious, even tragic consciences of each of them.

I, and I'm sure I speak for the majority of social scientists, would agree that in order to solve the problems American families face, we will have to set priorities. Our top priority at present is the infant care leave, in part because you have given us an opportunity to do something about a pressing issue.

The politics and logistics aside, the fact is that in this legislation you are dealing with a constant. The demographics make it clear that this problem is inevitable. The workforce today is comprised of 63 percent of women eighty-five percent of them will become pregnant in the course of their working lives. You are talking about the great mass of America's women who are going to be confronted with this problem.

When I emphasize women, I would also like to endorse the statement by another witness about how important it is for men to become much more involved, to begin sharing more time with their wives and children. Your bill is an extraordinarly enlightened one, in the sense that it makes provisions for others as well as mothers to spend time with their newborn or newly adopted infants. Our research has demonstrated that others are increasingly involved with childraising, and would like to be still more so, but are constrained by the intransigence of most businesses, which make no provision for parental leaves for men.

Senator DODD. Well, you anticipated my last question. We have the chicken and egg question with respect to fathers. Some are suggesting, well, if we have parental leave, then there will be men who will take advantage of it but really, not necessarily to get involved in child rearing. Rather, they suggest fathers would merely take advantage of some time off, albeit without pay. In the absence of this, are you finding in your studies that men are expressing a greater interest in the possibility of taking parental leave?

Dr. ZIGLER. Senator Dodd, it is not the case that men have no desire to spend time with their children, and would use parental leave as a sort of unpaid vacation. The fact of the matter is, in the last 15 or 20 years men have gained a deepened understanding of their role as nurturers. I refer you to an excellent new book by one of your constituents, Dr. Kyle Pruett, at the Yale Child Study Center, which has just been rebased. It is very reassuring to me—and your witness from the Mine Workers Union is an example—men do care; fathers love their children just as much as mothers. We are seeing the initial phase of a quiet revolution in which men will begin to take on nurturant roles that will enrich not only their children's lives but their own.

Senator DODD. Thank you very, very much.

I think my time has expired. Let me turn to Senator Cochran and I will come back to some further questions.

Senator COCHRAN. Thank you, Mr. Chairman.

I am curious whether any member of the panel knows the answer to this question. Are there other benefits for employees that are mandated under Federal law? I have been trying to find the answer to that in the testimony, and I just cannot find it. It may be obvious. Is there any benefit plan that is mandated under current Federal law for employees?

Ms. Nussbaum. Well, there is minimum wage, of course. And I think at the State level, you will find other benefits.

Peggy, do you have something you want to add?

Ms. Connerton. Well, there are a series of laws which fall into that category. There is the Occupational Safety and Health Act, which requires a minimum set of working conditions which are considered to be safe and healthy. ERISA set certain conditions which pension plans much meet, they cannot be top heavy. There are a number of benefits that fall into this category.

Senator Harkin. OSHA.

Senator Cochran. Well, I know that there are a lot of programs, such as employee stock ownership plans, where the Federal government has designed safeguards and has actually written into the law enabling legislation so that employers can make available those benefits, and that there are certain standards—vesting rights for pension benefits; and you mentioned ERISA.

Mr. Bond. We of course have the Social Security system, we have workers' compensation and unemployment insurance.

Senator Cochran. Well, Social Security is a Federal program, and workmen's compensation is basically a State program.

Mr. Bond. Yes, but these are benefits which are guaranteed.

Senator Cochran. Among the other lists, I know that Ms. Nussbaum in her statement referred to cafeteria-style benefits from which one could choose as being urged by some on this issue, make it a part of the cafeteria selection. And I understand the arguments against that, but I wonder if there are any other of those benefits that are actually directed by the Federal Government to be made available to employees—sick pay, vacation. Is it required by the Federal Government, for instance, for employees to be given 30 days paid vacation each year?

Ms. Nussbaum. No, but let me comment on it. What we have come to expect in the way of a benefits package largely arose out of the industrial unionism that grew in the Thirties and Forties. Nonunion employers began to adopt the standards that were set by unionized employers, which included at least 5 days sick pay, at least 5 days vacation, some health insurance, and so on.

What we are finding today is a ratcheting down of those expectations, that employers are choosing to divest themselves of responsibility for providing any benefits. And this is what we talk about in our report, "Working at the Margins"—that we are finding a trend toward a declining pay and benefits, at the very time when there is no one at home to take up the slack. That is why it is so important that the Federal Government do step in and set a floor on what can be considered reasonable living standards.

And I would add to our list of mandated benefits in fact a 40-hour work week. The Federal Government does take action in response to working conditions when it feels pressed to, and I would recommend that this be one of those times.

Senator **Cochran**. I know that there are a lot of employers now who are becoming more conscious of the need for employees to exercise and have time off. There was something on television the other night about one of the favorites for bigger businesses now to encourage people to stay employed with companies, they provide gymnasiums, running tracks, and all the rest. And none of this is required by anybody, but employees are demanding this. One person was interviewed, and he said that he was staying with his company even though he was offered a better job with more pay by another company because that other company did not provide a gym or time off to exercise during the day, and he just knew that if he did not have that access, he was going to be overweight and not healthy, and he preferred to stay where he was because of that benefit.

I wonder whether or not pressure from employees in the work force, not just executives, but hourly wage-earners as well, is going to bring about some of this change that we are seeking now.

Dr. **Zigler**. Senator, we have been examining this, and the answer to your question is yes. Employers are under much greater pressure than they have ever been before because of the problems we have been discussing. The line that used to exist between the workplace and the home is disappearing. Employers understand that their policies affect the quality of their employees lives; that their programs can aid or injure their employees health, and the functioning of their families.

So yes, I think that the pressure on employers will increase. But there is one aspect of the question that should be on the table, and that is this. I talk to businessmen all over this country. Those who provide good benefits gain in increased productivity and reduced turnover. The same employers they complain that increased employee benefits adds to the cost of their product, and that companies that do not provide benefits gain an unfair competitive edge.

Interestingly, when you talk to businessmen who do provide good benefits, they are furious at the companies that do. They claim they hire the best employees, and it is unfair.

So what I hear from the business world is not the position of the Chamber of Commerce; it would be ideal for all companies to be held to a single standard, a sufficient reason for business to support this bill.

Senator **Cochran**. Thank you, Mr. Chairman.

Senator **Dodd**. Thank you, Senator.

Senator Harkin?

Senator **Harkin**. Thank you, Mr. Chairman.

I want to congratulate you, Mr. Chairman, for your intense interest in this area, for introducing the bill, S. 249, and for holding these hearings.

I have not yet become a cosponsor of S. 249, not that I disagree with it, but I have some questions that I have to resolve for myself in this whole area.

I especially want to welcome Cheryle here from my home State of Iowa, where I know this is an issue that has been debated a lot, and where there is great support for some form of child-care in the early stages.

I just want to add also to what Senator Cochran just said, that there are other Federal laws, too, child labor laws and things like that, that protect health and safety, OSHA safety laws, that you might subsume something like this under.

But I guess my real question goes to whether or not we want to just focus on parental leave. In other words, saying to a woman that if you are pregnant, then you get some time off—I think the bill says 18 weeks—and then you have to come back to work. Should that really be the focus, or should the focus be more flexible than that?

I am informed, for example, that the city of San Francisco within the last few years passed a city ordinance that mandated that any building, any commercial building built within the city of San Francisco that employs more than *x* number of individuals has to have on its premises, in its plan, in its design, an operating day-care center. I think that might be a way to go.

From my own experience, I think individuals are quite capable of working—depending upon the job, of course—full-term pregnancy, taking a minimum amount of time off, and coming back to work.

I am wondering if we might not also consider proposing that businesses provide on their premises some form of support for mothers who want to bring infant children, especially if they are nursing them—I happen to be a big proponent of nursing and not bottle-feeding, into the workplace, to some form of a nursery, permitting them to nurse those children during the work day, and then go ahead and do their jobs and take their children home with them in the evening.

Take the school system, for example—Cheryle, you were a teacher. If your school system had had a provision or had a room, a separate room or someplace set up where you could have brought your infant child in and nursed that child during the day and taken care of that child during the day, but still teach classes, would that have been beneficial to have that kind of a system?

Ms. MITVALSKY. For me personally, I taught kindergarten. That might have been a little awkward. They need supervision constantly. So, to be able to pick up and leave and walk out of the room to take care of the baby would have been a little difficult.

I also nursed my baby so I know that that schedule can be a bit erratic. It is not on-the-hour or on any given 3-hour period of time; it gets kind of demanding at times, especially at the very beginning.

Also, there are some very strong statistics, I believe, saying that for those first several months, say, the first 6 months, that the newborn infant runs a higher risk of catching another illness that might be going around among young babies. So not only for the bonding, but also for the health of the baby, there are a lot that it is really wise to have the baby in the home with the mother and the father, if at all possible.

That is what I would desire, personally. I think it would have been very awkward to bring the child to work in my situation.

Ms. NUSSBAUM. I think those are excellent recommendations in some cases. I would like to draw to your attention a wonderful report published by the Economic Policy Council on the wide range of working family policies that are needed. It was co-chaired by

John Sweeney, president of the Service Employees International Union, and suggests many of those kinds of policies which I think need to be considered in addition to S. 249 and not in any way as a substitute for this vitallyneeded piece of legislation.

Senator HARKIN. But it could be something that could go along with it.

Ms. NUSSBAUM. I think it could be considered, absolutely.

Senator HARKIN. It could be an option, right?

Ms. NUSSBAUM. Sure.

Senator HARKIN. I mean, there may be women who would like to return to work right away after bearing a child, being able to nurse——

Senator DODD. Well, this bill is not mandatory, Tom.

Senator HARKIN. No, but I am saying it only speaks to one element.

Ms. NUSSBAUM. But I think it gets to Mr. Bond's comments that very few people actually take advantage of the full provisions that are available and could choose among some possibilities.

Dr. ZIGLER. Senator, there is a problem of which you should be aware. I am sorry Senator Hatch left, because Senator Hatch had an absolutely wonderful women's conference in Utah at which I had the privilege of speaking. There is a phenomenon that really worries those of us interested in the health of mothers today, and the depth of everything you have outlined.

What we are now seeing is something that I find very frightening. There was a very distinguished pediatrician from the State of Utah who said, as one of the witnesses said, mothers need two months of leave to recover from the physical trauma of pregnancy and childbirth. That has been the conventional wisdom throughout my thirty years in this field. Women are no longer taking that essential time to recover. Instead, as you point out, women are returning to work 3 weeks after their children are born. Those women are neither physically nor psychologically capable, really, of being very good employees.

If you work with those women who return to the workplace immediately you find that they are depressed, that they would like to be home. When we first started talking about infant care leave, there was no bill supporting the proposed, and a reporter from the Salt Lake City paper came up to me after a conference and I think Mrs. Hatch was beside me—and she said, "Do you think there is a possibility of ever having infant care leave?" And as she is asking me the question—we all know reporters are supposed to be tough—tears started rolling down this woman's cheeks.

And, being a psychologist, I said, "You are very upset. What is the matter?"

And she said, "Well, this is my first day back on the job, and I do not know how my baby is doing, and I am worried."

This is why this leave is so important. What we need in this country is not just an infant care leave bill; we need a major support system pieced together so that the life of parents as family members and workers are possible.

I will add one thing to my testimony, and that is this. American families are revealed in every survey to be under terrible stress. It is not accidental that political leaders are making speeches about the family. The cost of this bill is less than the cost to families to endure our present system. I think that in terms of its value to this country, it will act as a signal to families that are at their wits' end that somebody here cares, and that is why I endorse it so strongly.

Senator **Harkin**. Well, again, do not get me wrong. I believe in parental leave, and I like what the bill speaks of, and I think it is something that is long overdue. But again, I caution against getting a fixation on this idea that there has to be a set limit of time for a woman to take off when she is pregnant and then to be offered a certain length of time of 18 weeks or whatever afterward. There may be jobs, there may be situations in which women can return to work much earlier than that if in fact there is a support system in that place of work that will allow that mother to bring the child to work, nurse the child, and take care of that child during the working day.

I can only tell you—we are all products of our personal experience—when my wife and I had our first child, my wife worked right up until the last day—in fact, she was working when she went into labor. She had the child, was out for less than a month, maybe 2½ to 3 weeks, and then went back to work, but insisted on taking the child to work with her and nursed the child right at work, much to the consternation of many men around her. But I am saying that it can be done.

I had an employee on the House side who was pregnant and had a child, and I simply made provisions for a small nursery in my office. She took maybe 3 weeks off, brought the child into work, nursed the child during the day, and was a very productive worker in my office.

Now, I am not saying you can do that on every jobsite, but I am saying there ought to be some flexibility that would allow for that kind of thing to happen, and that employers and businesses ought to be sensitized to the fact that women should be allowed to bring those children in and take care of them at the workplace and still be productive workers.

As I said, it cannot take place, obviously, in every work situation, but in some work situations, it can happen. I know from my own experience it can happen that way. You do not have to give 4 or 5 months off. The point I am making, is that there has got to be room for different methods of letting families be together and have this kind of bonding in support of the children, rather than just looking at some set amount of time off.

Ms. **Mitvalsky**. May I comment on that? I think you are absolutely right. But this policy is not mandating that every woman must take that maximum amount of time. In some cases, you are absolutely right, it will work, and your wife was very, very fortunate. But in some cases, it simply will not. And we have to have some policy in effect so the women have the option of taking time off. And I think we are talking about options right now; we are not talking about mandating. We are talking about flexibility.

Senator **Dodd**. Yes. This is a choice. And what we have now is parents do not have any choice if they want to stay home. And we have only some 2,000 employers out of 6 million that have invested in any child-care programs at all, let alone programs on the job site. To have a business with 20 employees, like Ms. Specter's pie business, put a child-care center in a bakery is probably not very likely—whereas IMB could.

Senator HARKIN. That is right. There are some that will permit it and some that will not, and I am looking for the maximum amount of flexibility that would provide a variety of options in that regard. Whatever support we on the Federal level can give to States or local communities that would do what San Francisco has done, I think that is a definite step in the right direction.

Senator DODD. Another problem, too, and I do not know if any of the witnesses would care to comment on this, but many child-care centers prohibit infants of under three months from coming in. There is a real problem with that. So even in San Francisco, child care centers do not cover the parental leave period of time. You are not allowed to have your new-born infant in that child-care center.

Senator HARKIN. There should be nursing facilities; it should allow for nursing facilities.

Ms. CONNERTON. I would like to make a quick comment on that, since our union was one of the big supporters of the San Francisco bill which passed.

Many of our workers in low-wage jobs, typically, clerical, building service, nursing home workers, hospital workers, have managed over the years to get some degree of maternity leave. However, it took—and we fully support the idea of more options out there, and we had them working at the collective bargaining table for a number of years to try to get such things as child-care centers and so forth—and I have to say that it took, in one case, to get an on-site child-care center, ten years in a big Boston city hospital.

Senator DODD. By the way, in the Senate, the child-care facility here, the minimum age is 18 months before a child can come in.

The other point I would make is that we are talking here not only about pregnancy, but adoption and serious illness. In the case of adoption, the problems are not just nursing; they are far more serious, I think, in many cases, and you could argue at least as serious as the problems of caring for a newborn. And serious illness, obviously, makes parents want to be with the child. Take the Ronald McDonald facilities, which have been a tremendous asset to families, with seriously ill children. The problem is as the parent of a seriously ill child, you can have access to a Ronald McDonald House, but if you cannot get the leave to be with your child, what good is the Ronald McDonald House if you are going to lose your job in the process?

So our bill tries to encompass those serious situations. How well can an employee perform if he has a child who is dying, but he is sitting at work because he cannot get the time off to be with his child? To me, that is just common sense. I do not understand why there is objection to that notion, frankly. And you cannot put up a child-care center anywhere that is going to take care of that problem.

Senator HARKIN. That is right.

Senator DODD. Just a few more things, if I may. Costs, Karen. Your study looked at the agency costs. I was intrigued. I think I heard you, but I would like to understand it better.

The studies that have been done on the temporary hires.

As you said in your testimony, leave out the agency fee in the calculation of the temporary hires' costs. If an employer hires the temp directly, it averages $2 less, whereas if you hire through an agency, you would be paying a higher rate. But 40 percent of that cost would be the agency fee, not the wage the temporary hire would be receiving. Do I understand that correctly?

Ms. Nussbaum. That is right.

Ms. Connerton. Well, the wage paid the temporary is $2 less. In addition to that, most temps unfortunately do not have benefits. So you have savings in terms of benefit costs, and in addition to that, on top, you save the agency mark-up fee. So there is a considerable savings by hiring directly temporary workers. And as Karen's report mentions, many companies are directly hiring temps.

Senator Harkin. I just want to ask one other question. In reviewing this bill the other day, someone mentioned to me—not my staff, but someone else—mentioned to me that this is really a "yuppie" bill.

Senator Dodd. I wish you could have seen our first panel of witnesses when I asked them whether or not they thought they were "yuppies".

Senator Harkin. I am sorry I was not here. The point being that it is unpaid leave, and many women who are in lowpaid jobs simply cannot afford to take that much unpaid leave, and it puts them in a heck of a bind. Otherwise, women who are in higher paid jobs, maybe with a better family income, certainly could afford to take that time off. But those women who are in lower paid clerical jobs and things like that, it would be very tough on them, perhaps, to take that kind of unpaid leave.

Ms. Nussbaum. We would endorse paid leave; we think that is what is needed. [Laughter.]

But we also believe that any working family—and 9 to 5 and SEIU do represent those low-wage workers—can far more easily accommodate being out 2, 3 months by getting some support from their family members, by planning ahead and so on, than they can handle being thrown out of their jobs entirely.

We think it is an important first step. We think that it does not go far enough, but we think that it is a significant gain for low-wage workers. And that is why we support it so strongly.

Senator Harkin. What is your own Union's policy?

Ms. Nussbaum. On parental leave?

Senator Harkin. Yes, on this issue of parental leave.

Ms. Nussbaum. I know within 9 to 5, we have a parental leave policy that is 8 weeks paid leave; 8 weeks for the prime caregiver and 4 weeks paid leave to the secondary caregiver; and up to 6 months unpaid leave total if you want to, with the option of coming back at reduced work time. And Service Employees Union, I think, allows for temporary disability for up to 6 or 8 weeks, and up to 6 months unpaid leave.

Senator Harkin. How about the Junior League, Cheryle, the employees the Junior League? Do you have paid employees?

Ms. Mitvalsky. Yes. We are a small business. We have a staff of 50, and we have a parental policy in place. Interestingly enough, while we were drafting the policy, one of our professional staff members became pregnant, and so she was able to utilize this.

Senator **Harkin**. It is an unpaid leave policy?

Ms. Mitvalsky. No. New York is one of the States that has temporary disability insurance, so there is partial reimbursement on that.

Senator **Harkin**. I much more prefer that kind of an approach.

Ms. **Mitvalsky**. It works. I mean, the whole parental policy works. We are living proof.

Senator **Harkin**. But I mean, they do not give up their total wages and so on while they are off.

Ms. **Mitvalsky**. The employee receives her full salary from the Association for the duration of accrued sick leave. The state reimburses the Association up to the maximum provided by its temporary disability insurance program.

Senator **Harkin**. Eighty percent or something like that.

Ms. **Mitvalsky**. Yes, whatever the—I am not certain of that format.

Ms. **Connerton**. However, in many States, these temporary disability insurance programs are financed solely by employee contributions; there is some sort of payroll tax that is used.

Senator **Dodd**. And it is usually just birth.

Ms. **Connerton**. Right.

Senator **Dodd**. It does not cover adoption, and it does not cover serious illness of the child.

I might also point out that Lillian Garland in the Cal-Fed case was a receptionist, and her annual income was about $12,000. And in her case, as in many others involving birth in families at even lower income levels, parents know, obviously, that at the end of 9 months they are going to need some leave time. So with childbirth, families plan in anticipation of the child, so they can take some time off work without pay. Now, illness is obviously the unexpected kind of occurrence, and that is more difficult. Certainly, with adoption as well, parents know it is going to take time so families begin to save, to prepare for that time when they are off work.

So the idea that somehow the fact that this leave would be unpaid is going to be unfair is inaccurate in many cases for families are actually preparing for that situation. And as you point out with 18 weeks leave time, in many cases people do not want to spend that much time without pay, or cannot spend that much time. But this legislation gives leave for fathers, which Cal-Fed did not take into consideration. And Dr. Zigler, I think, accurately points out that more and more fathers of our generation are anxious to play a greater role in parenting. This bill provides for paternity leaves as well, not just maternity leave.

Anything further, Senator Harkin?

Senator **Harkin**. No. Thank you, Mr. Chairman.

Senator **Dodd**. Thank you all very, very much. We appreciate your testimony and we are sorry for keeping you here so long.

Senator **Dodd**. Our next panel of witnesses comes from the business community. Frances Shaine is from the U.S. Chamber of Commerce. She is from Holyoke, MA, and is the chairman, I might add, of the SPM Manufacturing Co., a manufacturing firm employing between 300 and 500 workers in Holyoke, MA. In fact, Frances and I know each other; we dealt in a constituent problem dealing with an antidumping provision and Korean competition, going back a few years ago.

Mary Del Brady, our second witness, is from the National Association of Women Business Owners, from Pittsburgh, PA. She is the president of the National Association. This association represents almost 3,000 women-owned businesses nationwide. She is also a small business owner in her own right, in Pittsburgh. She is accompanied by Laura Henderson, another small business owner; she is president of Prospect Associates, a biomedical research company. We are very pleased to have both of you with us here today.

And lastly, we have Jay Wilson, for the National Association of Manufacturers. In addition to representing the NAM, Jay Wilson is also the president of Steeltin Can Corp. in Baltimore, where he employs some 150 workers.

We are delighted that all four of you are here with us this morning. Sorry about the little delay that we have had; I hope it has not been an inconvenience.

Frances, we will begin with you if we can. Your prepared statements will be included in the record. You can abbreviate them, however you want to present your case to us this morning, but again, I thank you, all three of you, for being here and for taking time out to discuss this legislation.

Frances.

STATEMENTS OF FRANCES SHAINE, CHAIRMAN, SPM MANUFACTURING, HOLYOKE, MA, ON BEHALF OF U.S. CHAMBER OF COMMERCE; MARY DEL BRADY, PRESIDENT, NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS, PITTSBURGH, PA, ACCOMPANIED BY LAURA HENDERSON, PRESIDENT, PROSPECT ASSOCIATES; AND JAY M. WILSON, PRESIDENT, STEELTIN CAN CORP., BALTIMORE, MD, ON BEHALF OF NATIONAL ASSOCIATION OF MANUFACTURERS

Ms. **Shaine**. Thank you, Senator.

I am Frances Shaine, chairman of SPM Manufacturing Corp. in Holyoke, MA. I am a member of the Board of Directors of the U.S. Chamber of Commerce, and I chair its Council on Small Business. I am very pleased to have this opportunity to testify on this important issue, and thank you, Senator, for permitting us to have our written statement entered into the record.

As a small business owner and as the mother of three, I am sensitive to the issue of parental leave. I should state that I spent 20 years of my working life as an employee, not an employer. As you said, our company now employs between 300 and 500 people depending on the season, manufacturing photo albums, scrapbooks, other paper items.

Senator, it is not a simple issue, and I do not mean to make it one. The focus of this bill is on the issue of parental care. I would venture to say that that is the reason that this room is so crowded today.

For me, however, the thrust of this legislation goes far beyond the issue of parental leave, because the bill includes four months' time off for the illness of a child and further, up to six months for the illness of the employee, with the additional requirement that the job be held open.

For business, and for small business particularly, these are very serious issues indeed. Many—perhaps most—companies, even small business, already have short-term disability programs generally financed through insurance payments. In addition, many have existing sick leave programs. In Massachusetts where my company is, pregnancy and childbirth are already covered whenever a company has short-term disability programs. The period of time is eight weeks. There is pay, but it is low. And there is no requirement for return to the same or a similar position as that which is vacated.

Further, what is really important here is that the time off is far less than the proposal put forth by this bill. Frankly, this program is not onerous for my company. That is because we are insured, and because most women cannot afford to stay off the job. Further, we are in a very tight labor market, and we are delighted to welcome people back, although not necessarily to the position which they left.

I am not opposed to babies or mothers or fathers. The real issue here is whether the programs described should be federally mandated.

I firmly believe that flexibility is the most appropriate answer to the work-family concerns in the workplace. First and foremost, the most profamily action that Congress can take is to create an environment that encourages job creation. The business community faces serious competitive challenges, both internationally and domestically. Currently, there are numerous proposals that would mandate employers to provide new benefits.

"Let us simply require the employer to provide this benefit" seems to be the commonly accepted approach to any real or perceived social need. Unfortunately, this approach undermines a successful, voluntary, private sector employee benefit system that is already responsive to the needs and capabilities of both employers and employees.

Our concern with Federal mandated benefits generally and the parental and sickness leave proposals specifically is not the worthiness of the benefit, but rather, the inflexible, costly Federal mandate.

Our written statement provides a detailed analysis of Senate bill 249, which I commend to your attention.

There are, however, a few points which I wish to emphasize. First, opposition to mandated benefits was the number two concern at last summer's White House Conference on Small Business.

Second, mandated benefits will probably not increase the employee benefits pie. They will simply divide the money available in a manner dictated by a special group, not necessarily the desires and needs of a specific employer's work force.

Third, mandated benefits are not cost-free. When mandated benefits do add to the cost of doing business, they will be passed on to the consumer wherever that is possible. That is not possible when the competition stems from low-labor-cost nations which are already creating extraordinary competitive demands and contributing to a huge trade deficit.

Fourth, there is no threshold of eligibility in this bill. That is, we have the question of how long an employee must have been an employee of my firm before he or she can take 6 months off or 4 months off; and then, after the leave is over, what is my assurance that the employee will return to the position which we have held open?

Last, employers are already responding to a changing work force. Flexible benefit plans, parental leave and day-care are becoming increasingly popular. Over the past 10 years, we have made substantial progress in this area, mostly in response to the labor market. What recruitment requires in times of full employment is added to the benefit package.

The business community is responding to the changing demography of our work force. Flexible benefits and innovative solutions to the demands of working parents are being developed and are preferable to rigid, inflexible, costly and counterproductive Federal mandates.

For these reasons, the U.S. Chamber strongly opposes Senate bill 249.

We thank you for this opportunity, and I will be happy to answer any questions.

Senator DODD. Thank you very much.

[The prepared statement of Ms. Shaine on behalf of the U.S. Chamber of Commerce follows:]

STATEMENT
on
S. 249, THE "PARENTAL AND MEDICAL LEAVE ACT OF 1987"
before the
SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS, AND ALCOHOLISM
of the
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
for the
U.S. CHAMBER OF COMMERCE
by
Frances Shaine
February 19, 1987

I. INTRODUCTION

I am Frances Shaine, Chairman of SPM Manufacturing, a family-owned small business in Holyoke, Massachusetts. I am Chairman of the U.S. Chamber's Council of Small Business and serve on the U.S. Chamber's Board of Directors. SPM Manufacturing Corporation employs between 300 and 500 persons (depending upon the season) and manufactures photograph albums, scrapbooks, and other paper items. As a business owner and mother of four, I am sensitive to all sides of the national debate over parental leave. My testimony on behalf of the U.S. Chamber will make the case for why flexibility -- not new, rigid government mandates -- is the most appropriate answer to the work-family life concerns in today's workplace.

The Chamber currently is affiliated with a broad, united, and growing coalition of trade associations and companies opposed to this legislation. This coalition supports parental and disability leave as benefits that could be made available -- on a voluntary basis -- by employers to employees. However, they oppose federally mandated benefits, even if the benefit already is being offered by their company or organization.

Mr. Chairman, the legislation you have introduced, S. 249, the "Parental and Medical Leave Act of 1987," would provide benefits to working women and men far in excess of the pregnancy disability benefits sanctioned by the Supreme Court on January 13, 1987, and provided in many other countries and in some states. S. 249 would require employers with 15 or more employees to provide a job guarantee and unpaid leave when the following occurs:

- the birth or adoption of a child or the placement of a foster child (four months);

- a serious ;uardian
  (four mont
- a personal ix months).

While the entire philosophy behind the bill is troublesome, among the most troublesome provisions of S. 249 are that:

- An employer must, despite mitigating economic or business circumstances, return the "leave-taker" to the same or similar job upon return;
- The legislation establishes a commission designed to recommend legislative means to mandate paid leave in the future;
- Permanent, part-time employees would be eligible for all "leaves";
- An employer would be required to continue paying for health benefits while an employee takes leave;
- The term "serious health condition" is loosely and broadly defined so as to invite abuse of the leave "entitlements;" and,
- Congress has exempted itself from these requirements.

The Chamber does not wish to give the impression that, if the above-mentioned items were modified, the U.S. Chamber would support this legislation. In fact, modifications along these lines only could be viewed as "rearranging the deck chairs on board the Titanic" to most of our members. We urge Congress to address the fundamental and often overlooked question with which Congress must begin -- **IS A FEDERAL GOVERNMENT MANDATE THE MOST CONSTRUCTIVE RESPONSE TO THE PROBLEM?**

II. REASONS FOR CHAMBER OPPOSITION TO S. 249

A. Putting The Legislation In Perspective

The American business community today faces new challenges of achieving a balance between work and family life — between increasing our productivity and meeting the human resource needs of any particular work force and between enhancing our international competitiveness in world markets and placing new social responsibilities and financial burdens on employers by government at all levels. Flexibility is the key for businesses facing pressure from international competition.

On its surface, mandating unpaid, job-protected leave for disability or the care of a child or parent appears to be a simple way to guarantee equal treatment, while according special priority to family responsibilities. However, the American business community views such an approach as simplistic, when one stops to consider the complexity and diversity of work-family problems.

B. Laws Cannot Make Us Good Parents

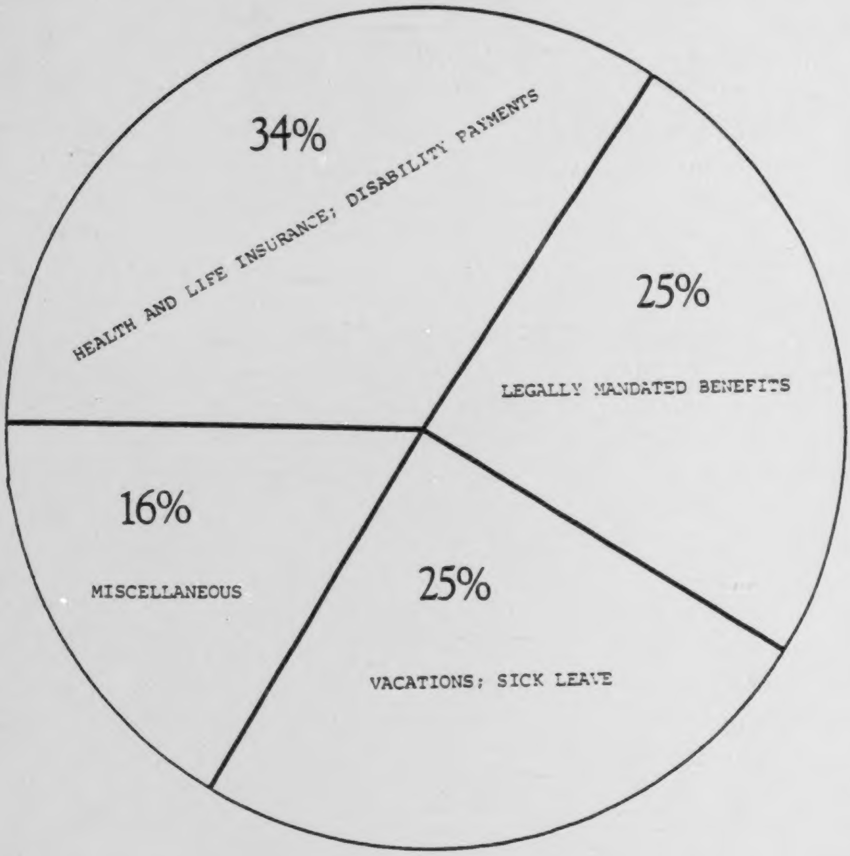
If parental "bonding" or nurturing after the birth or adoption of a child is the desired goal, it will not result from government coercion. Federal legislation simply cannot make us "bond" with our children. Legislation will not create responsible, caring parents. Ultimately, family responsibility is individual responsibility. Balancing a family and career is a challenge each of us confronts at the most personal level. One working parent may desire time off to bond after birth or adoption; another parent may prefer dental benefits for teenagers, or more flexible work schedules to avoid having a "latch key" child, or vouchers for day-care or sick-child services, or increased pay, or a host of other "family" benefits. Each of us knows of parents who spend a great deal of time with their children but, yet, appear to do a poor job of parenting. Many hard-working people, on the other hand, have become successful parents without generous leave periods.

C. Mandated Benefits Reduce Other Preferred Benefits

Any single mandated benefit is likely to lead to a reduction in other -- sometimes more preferred — employee benefits. A mandated benefit, regardless of how worthy, does not increase the employee benefits "pie." It merely divides it in a manner dictated by a powerful special interest group or a number of special interest groups. If one employee benefit is required, then another benefit -- perhaps one more desired by the employees of a particular company -- must be eliminated or reduced so as to offset the costs associated with the new mandated benefit. On the average, employers spend nearly 40 percent of their payroll on employee benefits.

EMPLOYEE BENEFITS PIE

Taken from Annual Employee Benefits Survey, 1985,
U.S. Chamber of Commerce



As discussed below, parental leave (even unpaid leave) imposes a substantial cost on employers. As a result, other benefits or compensation -- such as those shown above -- must be reduced necessarily in order to absorb the cost.

D. Most Benefits Are Not Mandated

A growing, healthy economy has led over the years to an extensive system of employer-sponsored employee benefits. These benefits not only include the obvious -- vacation time, sick leave, Social Security, workers' compensation and unemployment insurance — but also benefits ranging from group health care and life insurance coverage (both of which are provided to 99 percent of the workers in large and medium-size firms) to the pensions and retirement plans offered to 79 percent of that work force. Of course, the rate of coverage among smaller firms is less extensive, often because of their inability to afford to provide even these core benefits. The adverse impact of S. 249 on small business must be considered by Congress.

A vast array of other benefits also are part of the employee benefits "pie," including disability pay, education assistance, child-dependent care, parental leave, legal services coverage and even pay for time devoted to jury duty or service in the National Guard. All told, the employee benefits pie accounted for 37.7 percent of all payroll costs in 1985, up from 18.7 percent in 1951, according to the U.S. Chamber of Commerce's Annual Employee Benefits Survey. American firms are paying more money for benefits as a portion of total payroll than they have at any time since the Chamber instituted its survey in 1951. Last year, employee benefits cost employers $8,166 per employee, or $3.95 per hour. This was an increase of $324, or 4.1 percent. The 4.1 percent increase in benefits is significantly more than the 2.4 percent increase in average weekly earnings reported for 1985.

Despite the absence of mandated benefits, employers spend between 18 and 65 percent of their payrolls on employee benefits. Employee benefit packages, by necessity, must differ according to an employer's ability to afford generous benefit packages, the competition existing for a qualified, dedicated work force, and the desires of the employees in the company.

Not every employer can afford to give the benefits that a large company gives to its employees. For large businesses, this legislation is redundant since studies indicate that 95 percent of the Fortune 1500 companies already provide parental and disability leave. However, the dynamic, growing sector of our economy is dominated by small businesses struggling to survive. These small businesses will be the prime targets of S. 249. During 1981 and 1982, large companies laid off one million workers; small businesses hired 2.6 million. In 1983 and 1984, large companies created about 1.5 million new jobs; small businesses created nearly four million. It would be ironic if the mandated parental leave legislation winds up destroying the very jobs that have helped to assimilate second-income wage earners into the labor force -- the very jobs that the sponsors of S. 249 seek to protect. The small business impact of such a law is what led more than 1800 small business delegates to petition the "1986 White House Conference on Small Business" to make opposition to this legislation a priority issue. It is noteworthy that over 600 of those delegates were women business owners. Opposition to this legislation became the Number Two priority (second only to the liability crisis) of the Conference.

E. How Employers Are Responding to Workers with Family Responsibilities

The most "pro-family" policy is one that encourages job creation, not one that discourages it. In addition, advocates of a new federal intervention in employee benefits have ignored employers' efforts to accommodate employees with conflicting family responsibilities. A survey of 700 firms by the National Chamber Foundation disclosed that 77 percent have formal or informal policies that address the "parental leave" needs of workers. Of the remaining 23 percent, 17 percent responded that their employees preferred other benefits.

Firms cited multiple reasons for offering parental leave programs. "Recruitment and retention" was the single most cited reason, and "union negotiation" was the least cited factor. The most significant reasons cited by firms that had parental leave plans for adopting these plans were:

Reason Parental Leave Offered	Percentage of Firms with Parental Leave Policy Citing Reason
Recruitment and retention	61
Social responsibility	57
Maintain stability in the work force	48
Requested by employees	36
Competitive reasons	34
Union negotiation	11

Note: The percentage of firms citing reasons for having a parental leave plan exceeds 100 percent because surveyed firms could cite more than one reason.

Furthermore, private employers increasingly are changing their policies and environments to meet the needs of working parents. A range of solutions exists for the needs of working parents in any one workplace. Any one solution is not necessarily the best solution. Employers and employees can assess their needs and their capability of providing particular benefits. Then the appropriate, affordable employer response can be instituted. The policies that best address the family needs could include such benefits or programs as: parental leave, day-care centers, sick-child vouchers, information and referral programs, "flex time," job sharing, part-time work, home-based work, compressed work schedules, drug and alcohol abuse assistance, flexible benefits, or increased pay. Obviously, employers are going to be restricted by cost considerations in tailoring specific responses.

F. Parental Leave in Other Nations

Maternity leave is frequently a state-granted leave in other industrialized countries. Interestingly enough, those European countries with the most generous maternity leaves are the same nations with the highest rates of unemployment for women of child-bearing age. And, few countries can boast of a higher percentage of women in its work force than the U.S. Younger women, in particular, are making tremendous strides in climbing corporate ladders in this country and entering into fields such as law, medicine, and engineering. In those countries with generous maternity leaves, women are remaining, for the most part, in menial low-skilled jobs or are unemployed.

But, more important in comparing the U.S. to other nations is the fact that our free market approach to business has encouraged job creation, economic growth, and entrepreneurial activity -- the likes of which are virtually nonexistent in countries where business is over-regulated by government-mandated benefits. Our government and the American people -- more than other nations -- have recognized the energy, vitality and flexibility of the private sector.

G. Legislation Is Not Cost Free

The contention that "unpaid leave" would not cost anything is not true. The costs are substantial, as the following estimates of both the overall cost, as well as the cost in one specific instance, demonstrate.

The following cost analysis is a conservative estimate prepared by the U.S. Chamber's Economic Policy staff:

COST OF S. 249 TO EMPLOYERS AND ECONOMY

BENEFIT	COST (millions)
Parental Leave:	
- continued health insurance	$ 1,235.2
- higher cost of replacing workers on unpaid leave	$ 9,431.9
- federal government cost to administer new law	$ 40.2
- regulatory cost to employers of administration and paperwork	(cannot be determined at this time)
- lost productivity resulting from shift from experienced help	$5,507.5
Potential Cost of Parental Leave Portion of S. 249	$16,214.8
Short-Term Disability Benefits:	
- continued health insurance	$ 835.5
- net cost of replacement personnel	$ 6,378.3
- lost productivity resulting from inexperienced personnel	$ 3,743.2
Potential Cost of Short-Term Disability Portion of S. 249	$10,957.0
Total Potential Costs of S. 249 as Currently Written	$27,171.8

ADDITIONAL COSTS FROM POTENTIAL EXPANSION OF BENEFITS

BENEFIT	COST (millions)
Paid benefits for parental leave — at full pay	$29,311.2
Paid benefits for short-term disability benefits -- at full pay	$19,118.1
Paid benefits for parental leave -- at unemployment insurance rates	$10,100.0
Paid benefits for temporary disability -- at unemployment insurance rates	$ 6,888.5

The cost of S. 249, as currently written, would result in a cost to the economy and to employers of $27.2 billion. This does not include an offset for benefits that currently are being furnished by employers. The largest costs incurred by employers would be the cost of hiring temporary replacements for workers who are on leave and the lower productivity that would result from replacing regular employees with temporary replacements. The $27.2 billion would add 1.4 percent to the nation's employment costs and about 0.7 percent to the general price level of goods and services sold in order to pay for these benefits.

Expansion of the benefits to include full pay for workers on parental leave and short-term disability benefits could raise the cost to employers to $75.6 billion. This would raise the wage bill for the nation by 3.7 percent.

The treatment of the "parental" and the "temporary disability" parts of S. 249 as insurable risks -- treated the same way as we treat unemployment and using the same tax base as the unemployment insurance tax base — would have resulted in a more than doubling of the unemployment insurance tax on employers in 1984 (from an average rate of 2.8 percent to an average rate of 5.7 percent). The cost of the "child care" provision of S. 249 could add as much as 1.7 percent to the tax rate and the cost of the "disability" part of S. 249 would add 1.2 percent to the payroll tax. The total cost would be reduced by the cost of temporary disability benefits that currently are being provided by employers.

A MICRO LEVEL COST ASSESSMENT

The example below is based upon a word processing employee in Washington, D.C. The assumption is that the employee will take 4.5 months of leave for parenting purposes.

Average pay for word processors = $315.25 per week for a 39.5 hour week, based on U.S. Department of Labor Area Wage Survey, Bulletin 3030-7. The cost of 4.5 months of pay would be $6,147.37.

In addition, the direct cost to the employer of legally required benefits, such as Social Security and workers' compensation amount to 9.6 percent of payroll. Other benefits amount to 2.4 percent of direct pay (from U.S. Chamber of Commerce's Annual Employee Benefits Survey). This leads to a total of 12 percent of direct pay linked costs, adding $735.28.

Total pay and direct pay linked costs = $6,147.37 + $735.28 = $6,882.65.

Cost of employee benefits to be continued for employees on paid or unpaid leave, for life, health, disability, and dental benefits to an employer is $148.17 per month (based on the U.S. Chamber of Commerce's Annual Employee Benefits Survey 1984). The cost of these employee benefits for 4.5 months would be $666.76.

Cost of a replacement, based on a survey of temporary employment agencies in Washington, D.C., is $14.00 to $17.00 per hour — an average of $15.50 per hour. The cost of the replacement for 39.5 hours per week would be $612.25 per week or $11,938.87 for 4.5 months.

COST OF REPLACING WORD PROCESSING EMPLOYEE FOR 4.5 MONTHS OF UNPAID PARENTAL LEAVE IN WASHINGTON, D.C.

Cost of trained replacement	$ 11,938.87
+ Cost of benefits paid for employee on either paid or unpaid leave	$ 666.76
Less: Savings from employee on unpaid leave	-$ 6,882.65
Equals: Net additional cost for unpaid parental leave	$ 5,722.98

COST OF REPLACING AN EMPLOYEE ON PAID PARENTAL LEAVE

Net cost of replacing employee on unpaid parental leave	$ 5,722.98
Plus: Pay and pay-linked costs of employee on paid leave	$ 6,882.65
Equals: Net additional cost for paid parental leave	$ 12,605.63

SEVEN-CITY SURVEY OF NET ADDITIONAL COST OF PARENTAL LEAVE FOR ONE WORD PROCESSING EMPLOYEE FOR 18 WEEKS

CITY	ESTIMATED COST	
	UNPAID LEAVE	PAID LEAVE
CHICAGO	$3,915.47	$10,687.23
HOUSTON	$3,363.21	$11,114.73
LOS ANGELES	$1,802.97	$ 9,352.89
MINNEAPOLIS	- 705.19	$ 6,088.73
NEW YORK	$3,175.65	$10,030.05
ST. LOUIS	$1,747.17	$ 7,916.13
WASHINGTON	$5,722.98	$12,605.63
SEVEN-CITY AVERAGE	$2,717.18	$ 9,685.39
Less: Cost of benefits calculated above	- $ 666.76	- $ 666.76
Equals: Net additional cost per worker	$2,050.42	$ 9,018.63

A seven-city survey conducted by the U.S. Chamber of the additional costs related to the replacement of one word processing employee indicates that the average additional cost to an employer would be $2,717.18 in order to give that one employee 18 weeks of unpaid leave. This would include the cost of the medical benefit calculated above separately. After deducting the cost of medical benefits calculated above, the net cost to the employer for each employee taking off the maximum 18 weeks of leave would be $2,050.42. It is more difficult to determine the cost for other less-defined jobs because of the difficulty of finding replacements as easily as word processors.

H. Existing Law Is Fair And Effective

The Pregnancy Discrimination Act of 1978 already requires all employers to treat pregnancy and childbirth the same as any other temporary medical condition. If an employer permits employees to take leave with or without pay or guarantees the job upon return for any short-term disability (i.e., broken leg or hepatitis), the same type of leave must be available to pregnant employees. Equality of treatment for working women is preferable to mandating special treatment for women with family responsibilities — the latter being what California law and most other nations most often provide. Although technically this legislation applies to men and women, we all realize that women have tended to assume the vast majority of family responsibilities. This stereotype is likely to have an adverse impact on working women if this legislation becomes law.

I. Mandated Benefits Stifle Trend Toward Flexible Benefits

Mandated benefits stifle the trend toward flexible benefits. "Flexible benefits" or "cafeteria plans" are the current trend that works well for both the employer and the employee. With benefit costs currently near 40 percent of payroll, employers simply cannot afford to keep expanding their employee benefits "pie." Employers initially may hesitate to offer child-care services as a fixed benefit because only a small proportion of employees would use the services each year. But, an employer can add child-care services to a flexible benefit package without concern over its seeming unfairness to those other employees who do not need such a benefit. A variety of benefits may be offered to employees — anywhere from two benefits to several. We encourage employers to provide these benefits, to the extent that the work force desires them and employers afford them. They may include:

- child care services
- educational assistance
- relocation assistance
- physical fitness programs
- additional vacation days
- health insurance
- life insurance
- retirement benefits

III. SUMMARY

The business community is responding to the changing demography of our work force. Flexible benefits and innovative solutions to the demands of working parents are being developed and are preferable to rigid, inflexible, costly, and probably counterproductive federal mandates.

Ultimately, a healthy economy -- fostering job creation and a cooperative labor-management environment -- can offer the basic financial and personal support that families must have to survive.

Our bottom line is laws cannot make us good parents, and government involvement may hurt as much as — or more than — it helps in this case.

If Congress is intent on legislating in this area, the Chamber would recommend commissioning extensive studies of other nations' experiences with mandated leave -- how often men take such leave, any adverse impact in terms of employment opportunities for women of child-bearing age, any adverse impact on small business activity, and any adverse impact on job creation statistics, as well as on other leading economic indicators.

Thank you for inviting us to testify. I will be happy to respond to any questions.

APPENDIX

BUSINESS SPEAKS OUT AGAINST [H.R. 925 (and S. 249)]
"Federally-Mandated Parental, Disability and Eldercare Leave"

[Note: The following excerpts are from copies of letters received by the Chamber from businesses around the country last year on H.R. 4300 and S. 2278. All references to H.R. 925 and S. 249 have been inserted by Chamber staff this year.]

"Since we are such a small company, we are not in a position to pass any increased costs along to the customer as a medium-sized or large company might. Specifically, if we were subject to the proposed law, we would have to hire somebody to replace the person on leave since we do not have people on our payroll who have time on their hands and nothing to do. It has been our experience that it takes several months to fully train a new employee and the cost is not minuscule."

- Female President, Management Company, Holliston, Massachusetts

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"We estimate that this legislation will "cost" us approximately $2.5 million for the following anticipated changes:

a) $783,750.00 for providing benefit (disability and leave) coverage for our 660 part-time employees. (Average benefit expense = $1,187.50 per employee.) We are under the assumption that benefits must be provided for part-time employees.

b) $1 million to hire temporary help for a period of 4.5 months to "save" the positions of the 149 people who took a leave of absence last year.

c) Miscellaneous expenses for the following changes we would have to make from an operational standpoint:

- Legal Fees: Benefit plan document must be amended. The new plan must be filed with the U.S. Department of Labor.
- Increased Auditing Costs: Larger number of plan participants to be audited by an outside auditing firm.
- Programming Costs: Part-timers must be added to computer print-outs which track benefit expense.
- Employee Education Expense: Benefit handbook must be revised to reflect plan changes. Human Resource personnel would have to organize information sessions to explain plan changes to employees.
- Salary Expense: Cost of auditing additional personnel to monitor increased number of leaves and benefit participants which this bill will encourage."

- Official, Mid-size Regional Bankholding Company, Pennsylvania

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"We would hope that you would understand that while many employers may be in a position currently to provide such benefits, many others simply could not and, if required, would suffer severe operational difficulties and financial hardship. When that occurs the interests of all of the employees of that employer are going to suffer."

- **President, Trade Association, Annapolis, Maryland**

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"Small businesses are least able to afford the cost of holding a job open for 4-6 months, retraining a replacement worker, or any of the other costs associated with mandated leave. At the same time, small business in New Jersey is the driving force for economic growth and job creation being responsible for over 374 thousand new jobs since 1982."

- **Vice President, Trade Association, New Jersey**

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"Although it would appear that the social benefits of these bills would be tremendous to employees, somehow the financial and practical aspects for employers has been completely overlooked. This year alone we have been faced with insurance costs that are tremendous and we are still reeling from these blows. This type of legislation as proposed could cause a large problem for us and it would be impossible to pass on these additional costs to the consumer. With such legislation as proposed we could face the possibility of being forced out of business and eight more employees will be out on the street looking for a job."

- **Female Executive, Upholstery Manufacturing Company, Portland, Oregon**

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"We are a business of less than 20 employees. Each employee has a responsibility all his own, together we are a working entity. Each is a vital and productive part of this business. I don't know how we could cope with one who is absent for 26 weeks. We barely get by now by scheduling our vacation times to avoid having more than one man out at one time and then only for one week at a time."

- **President, Plumbing Supply Company, Tulsa, Oklahoma**

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"One instance like this would force a shutdown. We cannot lose one member of a two or three member crew for six months and make a place for that employee when he/she decides to come back to work. 50% of total employment is small business. This bill along with others will drive small businesses out of business."

- **Executive, Rental Company, Vancouver, Washington**

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"My business is not large enough to hire two people for every one job.

I'm in business for a profit. Who is going to insure my business when I am disabled or desire to create a family. My business will not survive a twenty-six week absence.

I am not against a reasonable maternity or sick leave for employees of good merit. I want good employees back, but three to six months absence creates a financial burden."

- Owner, Dry Cleaning Company, Lubbock, Texas

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"I recognize that an employee is a valuable asset. When I have an employee that needs an extended absence, I try to work out an acceptable solution with that person. However, not all cases allow a position to be open for an extended period of time, and not always can I offer that person the same position or any position upon return.

We must quickly replace lost employees because of the significant gap that naturally occurs in a small business - many areas of responsibility are manned with one or two employees. These bills appear to assume that employers are magicians, that they can find employees with sufficient skills to work for a few weeks. This assumption is unrealistic. Our company has spent many thousands of dollars recruiting and relocating employees."

- President, Photographic Equipment Manufacturers, Wichita, Kansas

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"Employers don't have the capacity, as government does, to just reach deeper into the pocket by raising taxes in order to offset the expense of operating. It either has to come out of their pocket (sometime there is nothing there) or be passed on to the consumer.

The assumption that every employer in this country has unlimited funds and a bottomless pocket in which to dip to support their employees from cradle to grave, under any contingency, shows how ignorant some people are about where money comes from."

- Chairman of the Board & Chief Executive Officer, Bank, Florida

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"All of this is an effort to reduce government spending by passing the expense on to business. That is an additional form of indirect taxation which is politically expedient but morally wrong."

- President, Construction Company, Harrisonburg, Virginia

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"A small company cannot leave a key job open for 18 weeks. I have a situation right now with our lead billing clerk on maternity leave. We cannot hold that job open for 6 weeks. The job is too vital to the company. Consequently, if she comes back to work, which I suspect she will, she will come back to this company in a different job. There is no other way that I can handle it. She's an extremely fine employee and I'm going to do as much as I can to accommodate her, but this bill is unreasonable ... I can just visualize one or my male employees taking an 18 week leave because his wife had a baby and I'm paying for his leave, paying for his health insurance and hiring somebody else to do his job for the 18 week period. Somebody in Congress must hate this small business community."

- Corporate President, Equipment Manufacturer, Minneapolis, Minnesota

* * * * * * * * * * *

"The intent of this legislation is literally like motherhood and apple pie. However, what will be the human and social costs of it? As you well know, employee benefits do not draw from a bottomless pit of money from plan sponsors. Whether collectively-bargained or set by an employer based on local personnel competition ... only a certain amount of money will be spent on employee benefits. Thus, if you dictate that parental leave must be provided ... what will be dropped or diminished?"

- President, Trade Association, Washington, D.C.

* * * * * * * * * * *

"At the present time, the business community provides various forms of disability income programs for employees ranging from short-term policies that cover 13 weeks of disability to long-term policies that cover disability to age 65. In most cases, the employer provides disability income to employees in a direct relationship to what his company can afford to pay. It appears that Congress with its great wisdom is going to determine that the employer can afford to pay disability income whether the profit-ability of the company dictates it can or it cannot."

- Corporate Executive, Insurance Company, Minneapolis, Minnesota

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"American employers paid benefits averaging $7842 per hourly employee in 1984, an astounding figure. Benefits have risen at a double-digit rate since 1951. We maintain that American business is presently at a critical point: if mandated parental and disability leave benefits are given, other benefits will have to be taken away, particularly in light of the soaring cost of insurance. The increased cost of doing business has already pushed some of our small member companies over the brink."

- Vice President, Trade Association, Bedford, New Hampshire

* * * * * * * * * * *

"The present voluntary nature of employee benefits in this country gives employers the flexibility needed to offer diversified benefit plans from which employees may choose, to bargain collectively over benefits, and to address the needs of individuals if special situations involving the need for extended leave may arise. Having a requirement such as that proposed by [H.R. 925 and S. 249] reduces not only the freedom of businesses to offer a variety of benefits to employees, but reduces the amount of dollars employers have available for all types of employee benefits."

- Public Affairs Director, Grocery Chain, Washington, D.C.

* * * * * * * * * * *

"Parental leave is certainly a worthwhile employee benefit, and there is a trend among private employers to provide this benefit voluntarily. However, we are opposed to efforts by the federal government to mandate the particular types and levels of fringe benefits offered to employees. This type of legislation interferes with the flexibility employers need to determine what benefit structure fits their business needs and best meets the needs of their particular work force. Mandated benefits are particularly burdensome for small employers, who lack the resources to fund these expensive programs."

- Female Director, Small Company, Brattleboro, Virginia

* * * * * * * * * * *

"Employee benefits, that are normally discretionary, would be considered "entitlements." In today's legal system, entitlements are frequently the subject of litigation which clog the legal process, creating a liability crisis."

- Vice President, Trade Association, Trenton, New Jersey

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"The bill raises again the question of just how much more dead weight the economy can take without withering away. The money to underwrite such a widespread leave program will be spent at the expense of productivity at a time when high productivity is the best defense against imports of foreign-made goods."

- Newspaper Editorial, Birmingham, Alabama

* * * * * * * * * * *

"Allowing an employee to take 26 weeks of unpaid disability leave would have a severe impact on our ability to meet our production schedules. As we are a government contractor, this could impede shipments for strategic defense systems."

- Public Affairs Coordinator, Defense Contractor, Rockford, Illinois

* * * * * * * * * * *

"I would not hire a young woman if this legislation becomes law. I can't afford the benefits."

- President, Small Company, San Bernardino, California

* * * * * * * * * * *

"Some of my contacts in Sacramento tell me that legislators who contest "pro-family" legislation find themselves dubbed "male chauvinists". I have pointed out that the ones doing the naming are actually "female chauvinists" with no understanding of business, economics, general or tax accounting, and with no insight or foresight into the long-term ramifications of picking businesses' "deep pockets" for family support issues.

As the owner of a very small company, I have some very strong concerns to express. First of all, I do support the U.S. Chamber's opposition to additional mandatory benefits. Another such bill represents one more infraction of our liberties and Constitutional rights as citizens and employers to do what we know is best for our businesses and for the collective good of all our employees. Having previously managed personnel for larger companies than the one I presently own, I find it painful that Congress seems to presuppose that employers do not already do their best to hang on to their good employees. The potential for legal liability of employers increases with each one inevitably "breakable" law -- i.e. to guarantee jobs for child-bearing women is discriminatory to non-child-bearing employees, whose jobs are not so guaranteed, or leaves mandated for any reason, or who may in lieu of their child-bearing co-workers, be fired or laid off for purposes of fiscal or organizational adjustment."

- Female Chief Executive Officer, Small Company, Chadsworth, California

* * * * * * * * * *

"This is a case where the grassroots folks are going to wake us up rather than vice versa. I would urge you to use your big-picture perspective and understanding of employee benefits to explain to your colleagues that no matter how good this legislation might seem on the surface, it has terrible pitfalls for other benefits ... not to mention the problems it causes for upwardly mobile workers of child-bearing years. It was this latter reason alone which defeated this legislation when it was proposed in the Minnesota State Legislature (which is famous for mandated benefits). The legislators did not want the backlash of young adult voters whose careers were thwarted."

- President, Trade Association, Washington, D.C.

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Frances Shaine, Chairman
U.S. Chamber
Council on Small Business

Chairman,
SPM Manufacturing Corporation

March 10, 1987

The Honorable Christopher J. Dodd, Chairman
Subcommittee on Children, Family, Drugs and Alcoholism
Committee on Labor and Human Resources
United States Senate
Washington, D.C. 20510

Dear Senator Dodd:

This letter is in response to your request for clarification of the cost figures cited in the Chamber's testimony on S. 249 before your Subcommittee on February 19, 1987.

Specifically, you suggested that newspaper advertisements both for employment and for temporary services indicated different figures from those used in our testimony.

Enclosed you will see the Bureau of Labor Statistics' description of a word processor, which delineates differences in grade and pay depending on experience, responsibility, and skills. The newspaper advertisements generally do not make these distinctions.

In our testimony, the Chamber cited the typical wage for a word processor employee in the Washington area from the Bureau of Labor Statistics, Area Wage Survey, from last fall. That wage, $315.25 per week, was based on the Area Wage Survey, (see enclosed photocopy of the relevant pages from an updated version of the Area Wage Survey, which show a higher average of $323.70). The Area Wage Survey documents the fact that weekly wages for this position range from $298 to $368. Accordingly, for 18 weeks of leave, the average wages for such an employee is estimated at $5,673.78.

On the other hand, as cited in our testimony, to hire through a temporary employment service, the average hourly wage for such a service is between $14.00 and $17.00. Clearly, this is a more costly proposition than hiring replacement employees. To update our telephone survey of temporary employment agencies conducted last fall that was cited in our testimony, we made a further inquiry this week that indicates that our cost estimates were low. Manpower, Inc., a leader in the temporary employee industry, informed us that:

- a wide range of word processors is available, with disparate levels of skills; and,

- the hourly wages of temporary agency word processors in the Washington area range from $15.14 to $19.00.

1615 H Street, N.W. □ Washington, D.C. 20062 □ 202/463-5503

If we take an average hourly wage of $17.07 (based on the Manpower figures), the cost to the employer to retain such services is estimated at $12,136.86 for an 18-week period (as compared to the $11,938.87 figure cited on page 10 of our statement, and utilized in the cost estimates).

Employers are likely to use temporary services rather than to hire a "permanent" employee for only 18 weeks. This results from:

- the fact that the legislation mandates an employer to hold the job open until the leave-taker returns;
- the fact that agency temporaries are trained and experienced, and work for a firm that pays for their benefits;
- the fact that hiring and discharging a "permanent" employee will trigger the application of Consolidated Omnibus Budget Reconciliation Act health benefits, affect adversely an employer's unemployment insurance experience rating, require costly and time-consuming administrative details (such as withholding for FICA, unemployment compensation, and other benefits), and result in the trauma of terminating an individual; and,
- the fact that it is difficult to find qualified workers who will take short-term jobs.

In addition, we have reexamined the data relating to the "macro cost analysis" presented in our testimony. Enclosed is the methodology used to establish the "worst-case scenario" which was included in the testimony on February 19. We also have included a "refined cost estimate" which includes figures based on alternative assumptions.

I hope this information is responsive to your request. If we can provide any further clarification, I hope your staff will be in touch with me.

Again, thank you for the opportunity to testify before your Subcommittee.

Sincerely,

Frances

Frances Shaine

Enclosures

SOURCE: Area Wage Survey, U.S. Department
of Labor, BLS, Bulletin 3035-8

Uses this knowledge in performing stenographic duties and responsible clerical tasks such as maintaining follow-up files; assembling material for reports, memoranda, and letters; composing simple letters from general instructions; reading and routing incoming mail; answering routine questions, etc.

TYPIST
(4624: Typist)

Uses a manual, electric, or automatic typewriter to type various materials. Included are automatic typewriters that are used only to record text and update and reproduce previously typed items from magnetic cards or tape. May include typing of stencils, mats, or similar materials for use in duplicating processes. May do clerical work involving little special training, such as keeping simple records, filing records and reports, or sorting and distributing incoming mail.

Excluded from this definition is work that involves:

- a. **Typing directly from spoken material that has been recorded on disks, cylinders, belts, tapes, or other similar media;**
- b. **The use of varitype machines, composing equipment, or automatic equipment in preparing material for printing; and**
- c. **Familiarity with specialized terminology in various keyboard commands to manipulate or edit the recorded text to accomplish revisions, or to perform tasks such as extracting and listing items from the text, or transmitting text to other terminals, or using "sort" commands to have the machine reorder material. Typically requires the use of automatic equipment which may be either computer linked or have a programmable memory so that material can be organized in regularly used formats or preformed paragraphs which can then be coded and stored for future use in letters or documents.**

Typist I

Performs *one or more of the following:* Copy typing from rough or clear drafts; or routine typing of forms, insurance policies, etc.; or setting up simple standard tabulations; or copying more complex tables already set up and spaced properly.

Typist II

Performs *one or more of the following:* Typing material in final form when it involves combining material from several sources; or responsibility for correct spelling, syllabication, punctuation, etc., of technical or unusual words or foreign language material; or planning layout and typing of complicated statistical tables to maintain uniformity and balance in spacing. May type routine form letters, varying details to suit circumstances.

WORD PROCESSOR
(4624: Typist)

Primary duty is to operate word-processing equipment to enter, store, retrieve, change, and present text or tabulations. Produces a variety of printed copy such as letters, documents, or reports. May enter regularly used formats or stored paragraphs that are organized and coded for future use. Recorded texts can be changed by rearranging paragraphs, replacing words, shifting lines, etc.

(Word-processing equipment typically has a full- or partial-page video-display screen (CRT) and a separate printer. The equipment may be integrated with a digital computer, have telecommunications capabilities, and also have capabilities for adding to or upgrading features. Automatic or electronic typewriters with limited text-editing capabilities, and often with single-line electronic display "windows," are not considered word-processing equipment.)

Excluded from this definition are:

- a. Workers whose primary function is to enter a data base for purposes other than composition (see key entry operator);
- b. Workers who use equipment and data base for purposes such as accounting, inventory control, sales, or original writing and editing;
- c. Workers responsible for preparation of published reports, including page layout or selection of different type sizes.

Positions are classified into levels on the basis of the following definitions:

Word Processor I

Performs tasks requiring a knowledge of the word processing equipment and familiarity with the formats and forms used in the establishment. Proficiency in grammar, spelling, and punctuation is also required to produce printed materials accurately. May refer problems to supervisor or higher level processor, or refer to operating manual.

Word Processor II

Work at this level requires considerable classroom or on-the-job training and may involve working directly with task originator rather than through supervisor. In addition to work assignments described for level I, duties include *one or more of the following:*

- a. Uses the more sophisticated features of the equipment to carry out complex assignments, such as sorting, merging, and organizing text, or maintaining files;
- b. Applies knowledge of specialized terminology or foreign language;
- c. Tests new applications and procedures; or
- d. Trains lower level processors.

FILE CLERK
(4696: File clerk)

Files, classifies, and retrieves material in an established filing system. May perform clerical and manual tasks required to maintain files. Positions are classified into levels on the basis of the following definitions:

File Clerk I

Performs routine filing of material that has already been classified or which is easily classified in a simple serial classification system (e.g., alphabetical, chronological, or numerical). As requested, locates readily available material in files and forwards material, and may fill out withdrawal charge. May perform simple clerical and manual tasks required to maintain and service files.

SOURCE: Area Wage Survey, U.S. Department
of Labor, BLS, Bulletin 3035-8

Table A-3. Average weekly earnings of office, professional, and technical workers, by sex, in Washington, DC-MD-VA, March 1986

Sex,¹ occupation, and industry division	Number of workers	Average (mean²)	
		Weekly hours³ (standard)	Weekly earnings (in dollars)³
Office occupations - men			
File clerks			
File clerks I	68	38.5	251.50
Nonmanufacturing	68	38.5	251.50
Messengers	242	37.5	251.00
Nonmanufacturing	228	37.5	250.00
Transportation and utilities	32	38.0	298.00
Accounting clerks			
Nonmanufacturing			
Transportation and utilities	25	39.0	436.50
Office occupations - women			
Secretaries	9,000	38.5	393.00
Manufacturing	753	40.0	388.50
Nonmanufacturing	8,247	38.0	393.50
Transportation and utilities	1,257	39.0	441.00
Secretaries I	619	38.5	325.00
Manufacturing	100	39.5	364.50
Nonmanufacturing	519	38.5	[illegible]
Transportation and utilities	130	40.0	354.50
Secretaries II	2,098	37.5	348.00
Nonmanufacturing	1,918	37.0	345.50
Secretaries III	3,521	39.0	396.50
Manufacturing	319	40.0	384.50
Nonmanufacturing	3,202	39.0	397.00
Transportation and utilities	800	39.0	443.00
Secretaries IV	1,799	38.0	436.00
Manufacturing	124	40.0	474.50
Nonmanufacturing	1,675	38.0	433.00
Transportation and utilities	116	38.0	485.00
Secretaries V	733	37.5	481.50
Nonmanufacturing	703	37.5	482.00
Transportation and utilities	104	39.0	485.00
Typists	440	39.5	277.00
Manufacturing	153	39.5	279.50
Nonmanufacturing	287	39.5	275.50
Typists I	312	39.0	265.00
Manufacturing	107	39.5	256.50
Nonmanufacturing	205	39.0	270.00
Typists II	128	40.0	305.00
Nonmanufacturing	82	40.0	283.50
Word processors	1,770	39.5	346.00
Manufacturing	95	39.5	298.00
Nonmanufacturing	1,675	39.5	348.50
Transportation and utilities	92	40.0	321.50
Word processors I	666	39.5	311.50
Manufacturing	53	39.5	273.50
Nonmanufacturing	613	39.5	315.00
Word processors II	1,104	39.5	366.50
Nonmanufacturing	1,062	39.5	368.00
File clerks			
File clerks I	196	38.5	233.50
Nonmanufacturing	191	38.5	233.50
Messengers	106	37.0	280.00
Nonmanufacturing	104	37.0	280.50
Receptionists	300	38.5	255.50
Nonmanufacturing	287	38.5	255.50
Switchboard operators	459	40.0	242.00
Nonmanufacturing	439	40.0	242.00
Switchboard operator-receptionists	864	38.5	265.50
Manufacturing	52	39.5	276.00
Nonmanufacturing	812	38.5	265.50
Order clerks	240	38.5	330.50
Manufacturing	82	39.0	307.00
Nonmanufacturing	158	38.0	342.50
Order clerks I	168	38.5	295.00
Manufacturing	75	39.0	308.00
Accounting clerks	3,427	39.0	305.00
Manufacturing	306	39.5	311.00
Nonmanufacturing	3,121	39.0	304.50
Transportation and utilities	189	39.5	368.50
Accounting clerks I	253	38.5	239.00
Nonmanufacturing	206	38.5	239.00
Accounting clerks II	1,485	39.0	279.00
Manufacturing	189	39.5	308.00
Nonmanufacturing	1,296	39.0	275.00
Transportation and utilities	63	40.0	336.50
Accounting clerks III	1,142	38.5	330.50
Nonmanufacturing	1,099	38.5	330.00
Transportation and utilities	98	38.5	397.00
Accounting clerks IV	337	39.0	398.00
Nonmanufacturing	310	38.5	397.50
Payroll clerks	274	39.0	312.50
Nonmanufacturing	247	39.0	310.00
Transportation and utilities	56	40.0	391.00
Key entry operators	1,317	38.5	269.50
Manufacturing	111	39.0	286.50
Nonmanufacturing	1,206	38.5	268.00
Transportation and utilities	71	39.0	385.50
Key entry operators I			
Manufacturing	79	39.5	270.50
Nonmanufacturing			
Transportation and utilities	59	39.0	383.00
Key entry operators II	553	38.5	275.00
Nonmanufacturing	521	38.5	272.00
Professional and technical occupations - men			
Computer systems analysts (business)			
Manufacturing	118	39.5	778.50
Nonmanufacturing			
Transportation and utilities	65	39.5	737.50
Computer systems analysts (business) II			
Nonmanufacturing			
Transportation and utilities	29	39.0	759.50
Computer systems analysts (business) III	610	39.5	716.50
Nonmanufacturing			
Transportation and utilities	30	40.0	782.00
Computer programmers (business)	1,601	39.0	551.50
Nonmanufacturing	1,161	39.0	543.50
Computer programmers (business) I	292	39.5	421.00
Nonmanufacturing	208	39.5	415.50
Computer programmers (business) II	772	38.5	525.00
Nonmanufacturing	553	38.5	513.00
Transportation and utilities	39	38.5	701.50
Computer programmers (business) III	469	39.5	[illegible]
Nonmanufacturing	332	39.5	[illegible]
Computer operators			
Manufacturing	133	39.5	353.50
Nonmanufacturing			
Transportation and utilities	109	39.0	452.50
Computer operators II			
Manufacturing	59	39.5	329.50
Drafters	1,267	40.0	356.50
Manufacturing	137	40.0	401.00
Nonmanufacturing	1,130	40.0	351.00
Transportation and utilities	84	39.5	515.50
Drafters II	228	40.0	259.50
Nonmanufacturing	211	40.0	255.50
Drafters III	532	40.0	344.50
Nonmanufacturing	489	40.0	343.50
Transportation and utilities	35	39.5	483.00
Electronics technicians	2,100	40.0	537.00
Nonmanufacturing	1,835	40.0	558.00

See footnotes at end of tables.

U.S. Chamber of Commerce
Washington, D.C. 20062

SUMMARY OF THE ESTIMATED COST OF S. 249 TO EMPLOYERS AND THE ECONOMY

	Worst-Case Scenario	Refined Cost Estimate Based on Size of Firm Exclusion in S. 249
COST OF PARENTAL LEAVE BENEFITS	COST (MILLIONS $)	COST (MILLIONS $)
- continued health insurance	1,235.2	963.5
- higher cost of replacing workers on unpaid leave	9,431.9	7,356.2
- federal government cost of administering new law	40.2	40.2
- regulatory cost to employers of administration and paperwork	(unable to be estimated)	
- lost productivity resulting from a shift away from experienced help	5,507.5	4,295.8
Potential cost of parental leave portion of bill	16,214.8	12,655.7 (5,200.0)* (2,600.0)**
COST OF SHORT-TERM DISABILITY BENEFITS		
- continued health insurance	835.5	403.8
- net cost of replacement personnel	6,378.3	4,975.1
- lost productivity resulting from inexperienced personnel	3,743.7	2,920.1
Potential cost of short-term disability part of bill	10,957.5	8,299.0
TOTAL POTENTIAL COST OF LEGISLATION AS CURRENTLY WRITTEN	27,172.3	20,954.7 (13,499.0)* (10,899.0)**
Additional cost to the economy for sick child benefits		12,856.0***

*If we were to incorporate the National Chamber Foundation's (NCF) 1985 Employee Benefits Survey, which found that, of medium- and large-size firms, 77% of those companies already provided parental leave benefits, we could estimate that the parental leave portion of the legislation would cost $2.9 billion when applied to those who do not currently offer these benefits. Our survey data also reveal that 27.5 percent of those who do offer parental leave do not offer the scope of coverage mandated in the legislation. To fill that deficit, we would estimate an additional cost of $2.3 billion. In sum, when incorporating the NCF's survey results on parental leave into our cost estimate, the parental leave costs of the legislation would be $5.2 billion annually.

**These figures assume a 50% actual utilization rate.

***According to Employee Benefits in Medium and Large Firms, 1985 (Department of Labor Bulletin 2262), an average of 15.9 days of annual sick leave at full pay is available to 60.5% of the surveyed workforce after one year of service. (The survey referred to companies with as few as 100-250 employees, depending on the industry). In 1982, the average utilization of sick leave plans was 4.6 days per year. According to the U.S. National Center for Health Statistics, children under the age of 14 miss an average of five days per year of school. Accordingly, we conservatively estimate that enactment of S. 249 would result in one parent per child taking an additional five days of sick leave per year to care for a sick child. This, in turn, would result in lost national output of $21 billion, or if computed using the 60.5% figure above, $12.8 billion. Moreover, since an average of 15.9 days of annual sick leave at full pay is available to 60.5% of the workforce after one year of service, we suggest that, in these cases, an additional five days of sick leave per year for care of a sick child not only will be used, but will be used as paid leave (since these employees will have not yet exhausted the sick leave benefits with which they are provided).

SUPPORTING DOCUMENTATION FOR NATIONAL COST ESTIMATE PRESENTED IN U.S. CHAMBER TESTIMONY

SUMMARY OF LEGISLATION

Legislation has been introduced in the 100th Congress (S. 249) to require employers with 15 or more employees to provide a job guarantee and unpaid leave upon the following occasions:

- 4 months leave for the birth or adoption of a child or the placement of a foster child;
- 4 months leave for the serious illness of a child, step-child, legal ward; and/or,
- 6 months leave for pregnancy, sickness or disability of an employee.

TOTAL AMOUNT OF LEAVE AN EMPLOYEE COULD TAKE = 9 Months/Year

* Employers would be required to continue paying for health benefits while an employee took leave.
* The employer must return the leave-taker to the same or similar job upon return.
* The legislation establishes a Commission to recommend ways to require PAID leave in the future.
* Permanent part-time employees would be eligible for these leaves.

GENERAL COST CONSIDERATIONS

This legislation would apply to employers of 15 or more persons. The data available from the Small Business Administration shows firms with less than 20 employees. Therefore, for purposes of this calculation, we will use a break point of 19 employees rather than the 15 contained in the legislation. That assumption would make the legislation applicable to 465,000 firms which employ 67,660,000 persons (77% of the U.S. labor force).

EMPLOYMENT BY SIZE OF FIRM IN 1982*

Firm Size (employees)	
Total Employment	87,832,000
0 to 19	20,172,000
20 to 99	14,510,000
100 and more	53,150,000

*Source: U.S. Small Business Administration, Office of Advocacy, Small Business Data Base

The costs associated with this legislation are as follows:

- o the cost of providing health insurance for the period of unpaid leave;
- o the cost to the federal government of administering the new law;
- o the administrative costs for maintaining records and filing reports with the Department of Labor to prove compliance with the law;
- o the extra cost of hiring trained replacement personnel for those persons taking temporary leave; and,
- o the effect on total output due to the replacement of experienced personnel with inexperienced personnel for a specified period of time.

It is assumed that employers would have to find temporary workers to replace those workers who would be returning to their jobs. An employer's ability to hire trained personnel, depending upon the position, may be limited severely since a person with a permanent job will not leave one job for one that is only temporary. The result is that employers most likely will have to resort to replacing workers on temporary leave with workers found by temporary employment services that specialize in providing such workers.

Additionally, potential costs may be greater than those based on current practices, since institutionalizing leave policies would provide incentives for workers to remain in the labor force and, therefore, be eligible for these greater benefits than the ones currently being offered.

THE COST OF PARENTAL LEAVE TO EMPLOYERS

We have assumed that the legislation would result in those having small children below the age of one taking the greatest advantage of the legislation. The bill includes a provision for allowing parents to care for children who are ill. The sick child leave has been estimated separately as is indicated on pages one and two.

In March 1985, according to the Current Population Survey, there were 3.7 million children below the age of one in the country. These children had a total of 6.1 million parents living in their household with them. This included 652,000 single-parent households. Of the 6.1 million parents of children below the age of one, 4.6 million had worked in the past year.

Working parents with children below the age of one = 4.6 million.

Comprises:	Millions of working adults
Single parents	.3
Working mothers	1.8
Working fathers	2.5

Note that the percentage of the labor force that would benefit from parental leave following a birth or adoption is about four percent of the 110 million employed persons in any one year.

HEALTH BENEFITS COSTS

The total number of potential weeks of unpaid leave to be used under the proposal amounts to 82.4 million work-weeks. However, because of the employment size exclusion, (employers of 15 or less are not subject to the requirements), this could bring the total work-weeks lost down to 63.8 million. Generally, as a result of competitive pressure, it is not feasible for small employers not to give benefits of this nature to their employees if larger employers offer them. A similar situation exists with small employers being exempt from the minimum wage, but they cannot hire workers at below the federal standard.

Based on the U.S. Chamber's 1984 Employee Benefits Survey, the cost of the employer's share of health insurance premiums was $26.08 per week per employee. In granting employees extended health care coverage for 18 weeks per employee, the potential cost would be $26.08 x 82.8 million weeks, resulting in a maximum potential cost related to parental leave of $2,159,424,000. On the average, 57.2 percent of the working population were covered by health insurance programs paid for (all or in part) by employers. The direct cost to employers for this benefit would have been $1,235,190,528 in 1984. This would have added .3 percent to the $92.6 billion in health insurance costs reported by employers in 1984.

FEDERAL GOVERNMENT COSTS

The second group of economic costs relate to the federal government's direct cost of administering the program. This includes an office within the Department of Labor that would have the responsibility for enforcing the rules, requiring reports to be filed, writing specific rules and regulations, hiring inspectors and developing an office and program. Based on a Department of Labor estimate based on the 15-employee threshold of coverage, the cost of enforcement, legal support, and administrative law judges could cost as much as $40,157,500, and could require the employment of an additional 946 full-time federal workers.

PRIVATE SECTOR REGULATORY BURDEN

The third group of costs relates to the regulatory burden created by the legislation. The legislation would require that records be kept that would prove compliance with the regulations, that legal counsel be used in cases where employees feel that they have not been treated in accordance with the provisions of the law, and that an internal system within companies be developed to administer these new benefits.

THE COST OF REPLACING PERSONNEL

The fourth group of costs associated with these regulations are the direct costs of hiring replacement personnel on a temporary basis to replace people on leave. This is a burdensome proposition, since an employer would have to attract a trained person for a job that they will be leaving in 18 weeks, and employers could not offer the replacement a permanent job. Oftentimes, this leaves the employer with one option -- to rely on either temporary agencies or lease employment agencies that seek to furnish employers with trained employees.

As indicated in our testimony, a seven-city survey conducted by the U.S. Chamber of Commerce found that the average cost of replacing one word processing employee would be $2,717.18 (in order to give that one employee 18 weeks of unpaid leave). While it is more difficult to determine the cost for other less-defined jobs (because of the difficulty of finding replacements as easily as word processors), if one were to use this as an average cost, it would have added $9,431,932,000 to the national wage bill in 1985, had each of the 4.6 million working parents been permitted to take the 18 weeks of unpaid leave provided for in the legislation. This would have added 0.6 percent to wage and salary costs for American employers, and 0.3 percent to domestic prices.

THE COST OF LOST PRODUCTIVITY

The fifth category of costs an employer incurs is the lost productivity that results from the constant prospect of an employer losing employees for an indefinite period of time. Productivity differentials between new workers and experienced workers were arrived at by using the pay differential for workers with greater seniority as an indicator of productivity differentials. This is based on the assumption that the seniority pay scales reflect learning curves of workers in relation to their jobs.

In this example, we are using the federal government pay scales and the seniority pay steps as indicators of differentials in productivity levels. The federal government pays workers about three percent per year more in each of the first three years. This means that based on our assumptions, the annual increment in productivity is three percent per year the first three years of a worker's tenure. The parental leave portion of the legislation would result in replacing experienced workers for 18 weeks with less experienced workers.

The median child-bearing age for women and men is in the 25-to-34 year age group. In that age group, the average employment tenure for women is about 3.2 years, and the average employment tenure for men would be 3.8 years. Thus, the average tenure for all workers between 25 and 35 would be about three and one-half years. This would mean that the average worker in that age group would be about 10 percent more productive than his or her replacement.

In 1984, the per capita "gross domestic product per employed person" in the United States was $34,756. The substitution of inexperienced for experienced personnel could result in a productivity loss of $3,476 at an annual rate, or a loss of output of about $1203 for each worker who elects to take off for an 18-week period.

The differential in output between the average worker in the 25-to-34 age group who would have about 3.5 years of experience and the new workers would be about 10 percent, or an average of $66.83 in lost output per week.

GDPPE = Gross domestic product per employed person. This equals $34,756 per year. (based on Department of Labor unpublished data.)

GDPPE/52 = Weekly production = $668.38
TW = Total work-weeks lost = 82.4 million
LP = Lower productivity resulting from inexperienced workers replacing workers with an average tenure of 3.5 years = 10 percent of output. - .1 * GDPPE/52
TLP = Total lost production
TW * (GDPPE/52 * .1) = TLP
82,400,000 * (34,756/52 * .1) - 5,507,489,230

Potential lost production would total $5.5 billion.

THE COST OF SHORT-TERM DISABILITY BENEFITS TO EMPLOYERS

The provisions of the legislation permitting workers to take up to 26 weeks of leave due to a "serious health condition," and requiring an employer to provide health insurance for these employees, is more difficult to calculate. The definition of "serious health condition" in the bill is likely to result in far greater utilization of this benefit than can be estimated at this time.

At the present time, some private sector employers do furnish their employees with short-term disability insurance. The 1984 Employee Benefits Survey of the U.S. Chamber of Commerce indicated that 36 percent of the employers who participated in the Survey provided employees with short-term disability insurance. The cost of these programs amounted to 0.3 percent of total payroll for all the firms in the survey, and about 0.8 percent for the firms that actually provided the benefit. The average annual cost to employers that furnished this type of insurance to their employees in 1984 was $171 per year.

The Department of Labor household survey for the first quarter of 1986 indicates there were a total of 5,042,000 adults that were not in the labor force due to being either sick or disabled. According to the Social Security Administration, there were 3,925,000 people that were collecting disability benefits under Old Age Survivors and Disability Insurance (OASDI). This would leave 1,077,000 who are ill or disabled and who are not eligible for disability benefits under that program, and are, therefore, only temporarily ill or disabled. If each of these workers is granted up to 26 weeks of leave per year, we could assume that at any point in time there could be approximately 1,077,000 workers eligible for extended sick leave.

Assuming that 1,077,000 workers is the average weekly figure for the number of persons that would be on unpaid disability leave on a year-round basis, this would result in 56,004,000 lost work-weeks.

The cost of providing health care to employees according to the 1984 Employee Benefits Survey was $26.08 per week.

TLW = Total lost work-weeks per year = 56,004,000
EHI = Employer cost of health insurance = $26.08 per week
THI = Percentage of working population that actually have policies paid for (in whole or in part) by their employers = 57.2
ACHI = Actual total cost of health insurance provided

(TLW * EHI) * THI = ACHI
(56,004,000 * $26.08) * 57.2 = $835,454,231

The additional employer cost of providing health insurance benefits to a rotating pool of 1,077,000 persons, while paying for replacement personnel, would add an additional $835,454,231 to employer health insurance costs.

Senator Dodd. Mary Del Brady, we welcome you here this morning.

Ms. Del Brady. Thank you, Senator Dodd. We appreciate this opportunity to be here today to testify.

I would also like to thank you and Senator Specter for indicating this morning that you will have a review done by GAO. These are very, very complex issues that we are dealing with, and there is no doubt in my mind that we need the data that that study will provide, and it will help us to come up with a win-win solution.

Senator Dodd. I think so, too.

Ms. Del Brady. I would hope that in that review, that all sectors of the economy would be studied, particularly the growing service sector and the high-technology sector.

I am, as you said, a small business owner. I am also President of the National Association of Women Business Owners and the mother of two children. Accompanying me today is also a mother, Laura Henderson, who is a business owner from Maryland, whose company includes 110 employees, and who has included some very innovative, family-oriented policies, and who is a member of the National Board of our National Association of Women Business Owners.

Our prepared statement is, in fact, more complete, and I will attempt to summarize my comments.

Senator Dodd. Thank you.

Ms. Del Brady. NAWBO, as an organization of women business owners, has a unique perspective which should be heard in this particular debate.

As women, many of us have had children and we have sought to work at the same time, and some of us have faced discrimination because we were of childbearing age.

As employers, we have reached out to create human environments for our employees and tend to employ larger percentages of women than other businesses do as a whole. As business owners, we understand the issue involved in trying to build strong businesses. It has been a painful process for both our leaders and our members to search for a position on legislation in this area which will offer an economically viable way of meeting our employees' needs. We believe we have done so.

The key elements of NAWBO's position include: first, that NAWBO does believe that every parent should be able to take time off work to have or to adopt children or care for seriously sick children without the fear of losing his or her job and without facing discrimination in the hiring and the promotion of women of childbearing age; second, that any government requirements in this area should be limited to a very basic benefit, such as a six-week unpaid leave for the above events with the right to return to that job; third, that such basic benefits could even be extended to businesses with fewer than 15 employees; fourth, that Congress and the States should identify mechanisms to spread the cost and to provide effective incentives which encourage private industry to expand the benefits that they offer beyond these very basic ones that are mandated by law and which do not disproportionately impact small business; and finally, that Congress should not exempt itself from requirements that it imposes on private employers.

Senator DODD. We love doing that, you know. [Laughter.]

Ms. DEL BRADY. The businesses which are represented by NAWBO are by and large small businesses, and as small businesses headed by women, we are sensitive to the needs of our employees who have obligations to their families. At the same time, we face the everyday reality of running businesses in an increasingly competitive environment, nationally and internationally, and we have struggled to identify a balance which is true to the values of our members and also makes sense in economic terms.

On the one side, the balance arises from the changing nature of family and work in the United States, and I believe that these concerns have been eloquently expressed by those who preceded me on the earlier panels.

On the other side, small business employs half of this nation's work force and is the major employer of women. Almost 60 percent of employed women work for firms of 500 or fewer employees, and approximately 40 percent of employed women work in firms of 100 employees or fewer.

Small business provides most of the first employment opportunities for this nation's workers, and small firms generated most of the new jobs in the economy from 1979 until 1983. As a major employer of women and creator of jobs, small business is a central part of the solution to the conflicts that are faced by employees trying to fulfill their responsibilities at work and at home.

At the same time, the economic realities of small business are far different from large business. According to three recent studies commissioned by the Small Business Association, small business wages and fringe benefits are lower than in big business. Further, the training costs for new employees are significant expenditures for small business both in terms of on-the-job training time required of each new employee before he or she is fully productive and also the time lost by supervisory and other employees in training those new employees.

Lastly, much of the benefit of the training is actually enjoyed by our larger businesses, since employees tend to move relatively quickly to large businesses at higher salaries, reflecting in part the training received at that small business.

It cannot be assumed that what is feasible in large businesses can simply be required of small businesses as well.

Our members are concerned about the impact of the current proposed legislation on the day-to-day operation of their businesses. There are real training costs and productivity losses which extended leaves impose. In a small business, the loss of supervisors, the difficulty of attracting high-quality people for temporary jobs, the disruption caused by having to stretch other supervisors to cover their work, the inability to replace them cost effectively for temporary periods, the training costs for replacing employees at all levels, the overall productivity losses arising from having to substitute temporary workers for trained ones, and the squeeze which such mandates put on a company's ability to provide other fringe benefits sought by other employees and still remain competitive—

these are all very real to the women operating small, labor-intensive businesses.

In the last analysis, the real concern that we have is not in giving leave, but the length of the leave which has been proposed.

So for these reasons, NAWBO believes that any legislation in this area should one, provide a floor of 6 weeks' mandated leave for birth or adoption and 6 weeks over a 2-year period for the care of sick children; two, could be extended to businesses employing fewer than 15 employees, possibly as few as 5 employees, in order to make a basic benefit more widely available to more employees; and, beyond these minimums, should contain congressionally favored incentives that will encourage employers to experiment with and to provide more extensive benefit packages for employed parents.

NAWBO believes that the overall answer lies in a widely available minimum guaranteed leave and a voluntary flexible system which gives employers and employees more and varied minimum guaranteed leave applicable to as many employees as possible, and voluntary options from which to choose—options which will take into account the different sizes of business, their varying dependency on employees, their mix of supervisory and nonsupervisory employees, the varying needs of employees at different stages of their careers or in different kinds of jobs, and the needs of those with family responsibilities which shift over time.

We believe the Congress must shift some of its focus from simple mandates to a tough look at who should bear the costs and how to encourage employers to provide broader family-oriented benefits. We urge you to look closely at the existing legal barriers to family-oriented benefits and at such ways to encourage such approaches as the flexitime, the part-time work, the flexible benefit plans which allow employees to bank their benefits in exchange for others; the use of temporary disability insurance to fund maternity leave; the utilization of other insurance to fund leave economically, and improve childcare options for both healthy and sick children.

We urge you to examine, for example, Federal unemployment tax or other credits, the feasibility of spreading the benefit costs between employers and employees, and the removal of existing barriers to effective use of cafeteria plans and dependent care credits and assistance programs.

We do not have all the answers, Senator, but we would very much like to work with you and your staff in finding the right solution.

Thank you.

Senator Dodd. Thank you very much.

[The prepared statement of Ms. Del Brady follows:]

STATEMENT
OF
MARY DEL BRADY
NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS

before the

Subcommittee on Children, Family, Drugs
and Alcoholism

Committee on Labor and Human Resources
United States Senate

February 19, 1987

My name is Mary Del Brady. I am a small business owner in Pittsburg, Pennsylvania. I am the President of the National Association of Women Business Owners, a trade association representing more than 2700 women-owned businesses around the country, with active chapters in 40 cities. NAWBO is affiliated with the Small Business Legislative Council, the Federation of Organizations for Professional Women, and with an international group of women business owners, Les Femmes Chefs d'Entreprises Mondiales.

We appreciate the opportunity to testify on S. 249. NAWBO, as an organization of women business owners, has a unique perspective which should be heard in this debate. As women, many of us have had children and sought to work at the same time. Some of us have faced discrimination because we were of child-bearing age. As employers, we have reached out to create humane environments for our employees and tend to employ larger percentages of women than businesses as a whole. As business owners, we understand the issues involved in trying to build strong businesses. It has been a painful process for our leaders and members to search for a position on legislation in this area which offers an economically viable way of meeting our employees' needs. We believe we have done so.

Before tracing the history of NAWBO's involvement and thinking on this issue, I would like to identify the key elements of our position.

- NAWBO believes that every parent should be able to take time off work to have or adopt children or care for seriously sick children without the fear of losing his or her job and without facing discrimination against women of child-bearing age;
- Any government requirements in this area should be limited to very basic benefits, such as a six week unpaid leave for the above events with the right to return to the job;
- Such basic benefits could even be extended to businesses with fewer than 15 employees;
- Congress and the states should identify mechanisms to spread the cost and effective incentives which encourage private industry to expand the benefits they offer beyond the very basic ones mandated by law and which do not disproportionately impact small business; and
- Congress should not exempt itself from requirements it imposes on private employers.

The businesses represented by NAWBO are, by and large, small businesses. As small businesses headed by women, we are sensitive to the needs of our employees who have obligations to their families. At the same time we face the every-day reality of running businesses in an increasingly competitive environment

-- nationally and internationally. We have struggled to identify a balance which is true to the values of our members and makes sense in economic terms.

One side of the balance arises from the changing nature of family and work in the United States. For generations, the public policy of the United States and the employment practices of the nation's businesses, large and small, have presumed a worker with a spouse at home to raise and care for children. However, America is not the land of the traditional family -- the married male breadwinner with a wife at home. Fewer than 10 percent of American households fit the traditional mold. Women with children have moved into the work force in enormous numbers and the number of single or divorced parents -- both male and female -- has increased dramatically. More than half of the 45.6 million children in two-parent families have both parents in the work force. Single-parent households have increased to the point where over half of the Nation's children will spend some of their lives as members of a single-parent household. At the same time, the role of men is changing, as more men choose to be more involved in their children's upbringing. The majority of American parents work and raise children. Despite these changes, maternity leave with a guaranteed right to return to the job is not universally available, in either the public or private sectors.

Small business is the major employer of these women. Almost 60 percent of employed women work for firms of 500 or less; approximately 40 percent of employed women work in firms of 100 employees or less. Small business provides most of the first employment opportunities for the nation's workers. Small firms generated most of the net new jobs in the economy from 1979 to 1983. As a major employer of women and creator of jobs, small business is a central part of the solution to the conflicts faced by employees trying to fulfill their responsibilities at work and at home.

At the same time, the economic realities of small business are far different from large business. According to three recent studies commissioned by the Small Business Association, small business wages and fringe benefits are lower than big business. Further, training costs for new employees are significant expenditures for small businesses, both in terms of on-the-job training time required of each new employee before he or she is fully productive and the time lost by supervisory and other employees in training new employees. Lastly, much of the benefit of the training is actually enjoyed by the larger businesses, since employees tend to move relatively quickly to large businesses at higher salaries, reflecting in part the training received in the small business. The Sate of Small Business: A Report of the President at 226-227 (1986). It cannot be assumed that what is feasible in large businesses can simply be required of small businesses as well.

As a participant in the White House Conference on Small Business, NAWBO entered the controversy over proposed federal legislation to require all employers of more than 15 employees to provide up to 18 weeks of unpaid parental leave with a guaranteed comparable job on return.

Throughout the 50 state conferences which preceded the August 1986 White House Conference, small business opposition to mandated parental leave emerged as a key issue. Nowhere was there any statement that business had a responsibility to its employees and to society to participate in the effort to find ways for employees to be productive and promotable and still fulfill their family responsibilities.

As an organization of women business owners, NAWBO believed it had a unique opportunity to encourage the business community to make it clear that opposition to federally mandated benefits did not equal opposition to participation in the effort to find better ways for employees to balance their work and family responsibilities. NAWBO therefore successfully urged the delegates to amend a recommendation which simply opposed mandated benefits to include as well a small business call for "creative approaches in the private sector to identify new and voluntary approaches to enable working parents to fulfill their job and family responsibilities." This two-pronged resolution was the Conference's number two priority, coming in behind only a call for broad reforms in the area of liability insurance.

Following the White House Conference, NAWBO established a task force to identify creative new approaches to help small business employers accommodate the needs of employees with family responsibilities in ways which do not jeopardize the productivity and survival of the small business sector of our economy. The goal of the NAWBO task force will be to help small business find the creative approaches called for by the White House Conference resolution, bring those options to the business community, and encourage their widespread adoption. We will look at the companies who are solving the problem successfully and seek to extend their models throughout the country.

Over the months, we have struggled to find the proper balance between public and private sector involvement and to determine exactly what parts of the proposed legislation cause the most concern among our members. Among some, there is a sense that the government should not be in the business of mandating benefits at all. There is a sense that business should take on these responsibilities but without government involvement. However, concern about mandating benefits is outweighted by the very strong conviction that people in companies of all sizes should be able to have children and care for very sick children without having to face loss of their jobs. As business owners, we are concerned about the human and social issues, value our employees, and want to do what we can to attract and keep them. We also believe that working with employees to ease the conflicts between work and home will make them more, not less, productive.

At the same time, our members are concerned about the impact of the current proposed legislation on the day-to-day operation of their businesses. There are real training costs and productivity losses which extended leaves impose. In a small business, loss of supervisors, the difficulty of attracting high quality people for temporary jobs, the disruption caused by having to stretch other supervisors to cover their work, the inability to replace them cost-effectively for temporary periods, the training costs for replacing employees at all levels, the overall productivity losses arising from having to substitute temporary workers for trained ones, and the squeeze which such mandates put on the company's ability to provide other fringe benefits sought by other employers and still remain competetive -- these are all very real to women operating small labor-intensive businesses. In the last analysis, the real concern is not giving leave, but the length of the leaves proposed.

For these reasons, NAWBO believes that any legislation in this area (1) should provide a floor of six weeks mandated leave for birth or adoption and six weeks over a two year period for the care of sick children, (2) could be extended to businesses employing fewer than 15 employees to make a basic benefit more widely available, and (3) beyond these minimums should contain Congressionally-favored incentives to encourage employers to experiment with and provide more extensive benefit packages for employed parents.

NAWBO believes the overall answer lies in a widely available minimum guaranteed leave and a voluntary flexible system which gives employers and employees more and varied minimum guaranteed leave applicable to as many employees as possible and voluntary options from which to choose -- options which will take into account the different sizes of businesses, their varying dependency on employees, their mix of supervisory and nonsupervisory employees, the varying needs of employees at different stages of their careers or in different kinds of jobs, and the needs of those with family responsibilities which shift over time.

We believe that Congress, must shift some of its focus from simple mandates to a tough look at who should bear the costs and how to encourage employers to provide broader family-oriented benefits. We urge you to look closely at existing legal barriers to family-oriented benefits and at ways to encourage such approaches as flex-time and part-time work, flexible benefit plans which allow employees to "bank" benefits in exchange for others, the use of temporary disability insurance to fund leave, the utilization of other insurance to fund leave economically, and improved child care options for both healthy and sick children. We urge you to examine, for example, federal unemployment tax or other credits, the feasibility of spreading the benefit costs between employers and employees, and the removal of existing barriers to effective use of cafeteria plans and dependent care credits and assistance programs. We do not have all the answers, but would very much like to work with you and your staffs to find them.

In conclusion, we urge you to measure the legislation you pursue against these standards. Does it fulfill the needs of the employee who wants to be both productive and promotable at work and to nurture and rear children successfully? Does it fulfill society's interest in our children, the future citizens and employees on which our nation's future depends? And does it further the interest of our society in strong businesses able to create jobs and to compete successfully in an increasingly competitive business climate?

Senator DODD. Ms. Henderson, do you want to make a comment simultaneously? Do you have a statement or shall I just come back to you during questions?

Ms. HENDERSON. You may come back to me for questions.

Senator DODD. All right.

We are delighted to have you with us, Mr. Wilson.

Mr. WILSON. Thank you, Senator.

Mr. Chairman, my name is Jay Wilson. I am president of Steeltin Can Corp., which is a manufacturing firm in Baltimore, MD. We employ 150 people. I am testifying today on behalf of the National Association of Manufacturers, and I am a member of its Board of Directors.

NAM, as you may know, is an organization of 13,500 corporations, 80 percent of which are small business, defined as less than 500 employees. We are located in every State and involved in the total spectrum of manufacturing enterprises.

NAM members employ 85 percent of the nation's industrial workers and produce more than 80 percent of the nation's manufactured goods.

First of all, I want to say that it is the policy of NAM to strongly support company programs which assist workers in meeting their dual work-family responsibilities.

I want to simply read a small excerpt from the official NAM policy.

> Employers must actively seek innovative solutions to the problems of working parents. All avenues of change and possibilities of accommodation should be explored to allow working parents to remain on the job. Many employers have already instituted programs to help working parents. Among such programs are: alternative work schedules, such as flexitime; child and dependent care programs including onsite and near-site daycare; employee assistance programs, and flexible benefit programs which might include such benefits as parental leave.

I think it might be helpful if I limited my remarks in the interest of time simply to talking about our company and how we address this critical issue of the responsibilities of employers toward the dual work-family responsibilities of parents.

We were founded 75 years ago, and our company, as the name Steeltin might imply, manufactures metal containers, primarily for the specialty food, seafood, and paint and coatings industries.

The competitive pressures upon our company have intensified enormously over the last 5 years and have in fact reached crisis proportions. People turn to me very frequently and say, "Jay, how do you compete with the larger companies?" As you may know, the can industry is dominated by large manufacturers. And all I do is look at them and say, "It is tough." And it really is.

To give you some idea, a gallon paint can which sold for 70 cents in 1979 now sells for about 50 cents. Now, that is a 30 percent decline, and prices continue to weaken. What is causing the price decline? A combination of forces including foreign imports, excess domestic capacity, and encroaching substitute materials such as plastics.

Unfortunately, despite successful cost reduction and productivity improvement programs, our overall costs, particularly labor costs, have continued to rise over the last five years, and the net effect on our profitability, as you might imagine, has been devastating.

And we are not unique. I do not mean to paint a picture of our company as unique. We are not alone. There are thousands of companies fighting for survival in this new age of competition.

Let me outline our employee benefits program. Our total labor costs, including employee benefits, represented approximately 20 cents of every sales dollar in 1985. That is second only to materials as a component of cost. Our employee benefit costs accounted for about 38 cents on every payroll dollar in 1985, and this is typical of American industry. The industry average for this country is also approximately that same figure of 38 cents on every payroll dollar—that is on top of every payroll dollar, in addition to a dollar of payroll.

Indeed, we have an excellent employee benefit program with not only the common benefits like vacation, group health insurance, life, disability income—both short- and long-term—pension plan, but also recently-offered employee benefits such as a 401(k) profit-sharing plan, an in-house credit union, Christmas bonus, and other benefits which are—and let me emphasize this—tailored to our particular employee needs.

With respect to parental leave, our company offers up to 26 weeks disability leave for pregnancy at 70 percent of pay, with job guarantee upon return to work, and treats any absence from work to care for a dependent as an excused absence, with an overall absence limitation of 18 days per year.

But let me return to those statistics on employee benefits. For the last 5 years, the Chamber of Commerce figure for employee benefits per payroll dollar has remained essentially flat at 38 cents on every payroll dollar. Our own figure has in fact declined from 42 cents per payroll dollar in 1980 to the present 38 cents. Now, that has not been a natural decline. It has been the result of a conscious program to reduce costs in order to ensure our survival as a company.

Now, what story do these numbers tell? They indicate that American industry, and our company included, has hit the wall of tolerance in the level of employee benefits that we can afford to give to our employees.

Speaking for my company, I know that we have made every effort to control employee benefit costs. Everyone is familiar, I am sure, with the most inflationary component of employee benefit costs, that is, the health insurance cost trend, as exhibited over the last 5 to 10 years.

As government imposes new costs and costly regulations on our company, I have two choices—and by the way, neither one of those choices is passing the cost along to the customer; in this new competitive age, that is out—either I accept the lower level of profitability with, of course, the resultant depressing effect on reinvestment, growth and job creation within our company, or I respond by making a corresponding cut in our employee wage or benefit costs.

Which choice do you think that I or any of the thousands of managers in my competitive position will make? If a cost is shifted to me, I have got to find a way to shift it onto somebody else, and it will not be a customer.

Who loses? The employee, or the nation. And let there be no mistake that S.249 represents new costs. I have heard the reference made several times here today about minimal incremental costs.

Let me give you an example again in our company. Like most small companies, we have many job classifications with only one employee. We are like a baseball team with nine people, one deep at each position. We have one accounts payable clerk, one payroll clerk, one electrician, one tool and die designer, one millwright, and one person in a host of other operating positions within the company where there is just one person truly qualified to perform that job.

These people typically require months of training before they are fully functioning. And do not suggest temporaries. I have heard that also talked about today. Temporaries are either extravagant substitutes or no substitutes at all.

The bottom line is that for each person on leave under S. 249, we will be paying double employment costs. There will be insurance and pension to pay for that person and his or her replacement, and offsetting the "saved wages" of the employee on leave are the high costs of finding, hiring, training a replacement worker, and the inevitable reduced productivity during the initiation of that employee. And when the replacement worker must be dismissed upon the return of the employee on leave, we pick up the cost of the unemployment compensation.

And there are many positions for which it is simply not possible to find an acceptable substitute. In that case, costly overtime, declining productivity, or even lost orders are the depressing alternatives.

Now, please forgive me if I appear philosophically opposed to the concept of parental leave; I am not. It is in my opinion an excellent employee benefit which many companies already offer. If you pick up the latest copy of the NAM monthly magazine, Enterprise, you will see case histories on two companies, both NAM members, with superb parental leave programs, one offering parental leave, the other offering employee-sponsored on-site daycare, along the same lines as Senator Specter was describing earlier.

In fact I will even go so far as to say that it is possible that our company may offer this benefit in the future. Thirty-two of our 150 employees are female. But do not force the benefits down our throats or theirs. They may prefer employee-sponsored daycare, for example, or expanded health care insurance, or—now, do not be shocked—higher wages. But they cannot have it all, because we are fighting for our survival in a crisis of competitiveness facing all American industry.

Let the free enterprise system work. Do not limit the choice of employee benefits by mandating a parental leave policy or any other benefit. Let employers like us make the choice—or rather, let our employees make the choice, because we listen to our employees, like any well-run company, and we also listen increasingly to the relentless beating drums of the competition in a global economy.

Thank you, Senator.

Senator Dodd. Thank you very much.

[The prepared statement of Mr. Wilson follows:]

TESTIMONY OF
JAY M. WILSON
PRESIDENT, STEELTIN CAN CORPORATION
BALTIMORE, MARYLAND
ON BEHALF OF
THE NATIONAL ASSOCIATION OF MANUFACTURERS
BEFORE THE SENATE SUBCOMMITTEE
ON CHILDREN, FAMILY, DRUGS & ALCOHOLISM
FEBRUARY 19, 1987

Mr. Chairman and members of the Subcommittee, I am Jay M. Wilson, President of Steeltin Can Company, a manufacturing firm in Baltimore, Maryland, which employs 150 people. I am testifying today on behalf of the National Association of Manufacturers as a member of its board of directors. With me is Piia Aarma, Senior Associate Director of NAM for Human Resources and Equal Opportunity.

NAM is an organization of 13,500 corporations -- 80 percent of which are small business -- located in every state and involved in the spectrum of manufacturing enterprises. NAM members employ 85 percent of the nation's industrial workers and produce more than 80 percent of the nation's manufactured goods. NAM is affiliated with an additional 158,000 businesses through its Associations Council and the National Industrial Council. On behalf of all our members, I would like to thank you for this opportunity to express our opinion on federally mandated leave policies.

I. Introduction

NAM strongly supports company programs to assist workers in meeting their dual work-family responsibilities, and encourages employers to actively seek innovative solutions to the problems working parents encounter. NAM member companies believe that all avenues of change and possibilities of accommodation should be explored to allow working parents to remain on the job.

As more workers with child care responsibilities enter the workforce, companies have implemented programs designed to assist parents in meeting their dual responsibilities. Among such programs are (1) alternative work schedules including flextime, voluntarily reduced workweeks, job sharing and part-time employment; (2) child and dependent care programs such as on-site or near-site day care, day care subsidies and child care vouchers; (3) employee assistance programs; (4) flexible benefit plans, cafeteria-style benefit plans which allow workers to choose those benefits most suited to their particular needs; (5) parental leave policies; and (6) information and referral programs.

The types and feasibility of such programs differ for each employer, based on a variety of factors such as the type of industry, size and skill of the workforce, individual workforce needs, competitive standards in the industry and ability to assume costs.

NAM opposes legislation that would mandate across-the-board requirements that ignore the unique circumstances of individual enterprises and their workforces, and changing economic and business climates. The Parental and Medical Leave Act of 1987, S. 249, if enacted, would seriously undermine many business operations, particularly smaller concerns that may find it impossible to hold open a position for the leave periods mandated in this bill. The legislation would result in additional costs and hamper productivity. As a result, businesses may be forced to scale back or drop other benefits needed and wanted by parents and single workers. And without a doubt, this legislation would severely limit this country's greatest job generators, small business.

Parental leave policies are excellent benefits, but an extended leave policy is only one benefit option among many that can be instituted to help parents with their family responsibilities. Benefits and policies to help working families are important to companies because they are becoming increasingly important to their workforces. They are valuable recruitment and retention tools, and as the workplace evolves, more and more companies will formally implement work-family policies.

II. Current Business Policies

Some type of job-protected maternity leave is available today to almost all working women, according to studies by Sheila B. Kamerman, Alfred J. Kahn and Paul Kingston in Maternity Policies and Working Women. In addition, the Pregnancy Discrimination Act of 1978 ensures that companies treat pregnancy as they would any other temporary disability. It is important to note here that company maternity policies have changed as the composition of the workforce has changed. According to a study by the research organization, Catalyst in New York City, larger firms have begun offering additional leave or parental leave that can be taken after the pregnancy disability leave. Results of Catalyst's 1986 survey indicate that almost all firms surveyed (95%)

offered paid pregnancy disability leave with job-guarantee and that slightly more than half offered additional unpaid, job-guaranteed parental leave. A Conference Board study also indicates movement in another critical area -- child care. The results of its 1985 study show a four-fold increase in the number of companies involved in assisting workers with child care, from 600 in 1982 to 2500 in 1985, with another 1000 companies making contributions to local child care programs and another 1000 corporations offering other assistance such as parenting classes and seminars at the workplace.

Clearly, there is growing momentum for work-family initiatives, and as this momentum gathers power, other companies will offer similar or alternative benefits in order to compete successfully for workers.

Statistics are more difficult to obtain for smaller company policies, but anecdotal evidence and common sense demonstrate that smaller companies may approach these issues on a case-by-case basis, taking into consideration the worker's needs as well as the company's ability to accommodate those needs.

III. Costs

Companies today are faced, as never before, with the challenge of improving productivity and controlling costs. The costs that would be incurred with legislation such as S. 249 are not consistent with the current economic climate, nor with the emphasis Congress is placing on competitiveness and economic growth.

Because the leave periods stipulated in this bill are unpaid, a casual analysis would lead one to believe this bill is cost-free. Nothing could be further from the truth. Indeed, the bill contains a provision calling for a study of paid leave. One of the obvious costs of the bill is in advertising for, obtaining and training replacement personnel for those employees on leave. Even large companies are segmented into small work groups where the absence of as few as one or two employees could critically affect the group's performance.

Replacing employees for a leave period is often inefficient because there is not enough time available for adequate training and consequently the work performance is substandard. If an employee cannot be found or it is impracticable to hire a replacement, the additional workload must be assumed by coworkers and overtime costs are incurred.

In addition, there are other costs such as unemployment insurance taxation costs which will increase as companies are forced to dismiss temporary employees when the regular employee returns to work. The net effect is higher costs and less productivity.

In this debate, attention has been drawn to a comparison of family policies among industrialized nations, and much has been made of the lack of policy in the United States. The whole picture must be examined prior to making hasty judgments. Consider that pay and benefits for American workers are among the highest in the world and the U.S. continues to be a marvel of job generation, particularly in the small business sector. European countries, on the other hand, have had no net job creation since 1975, and unemployment continues in the double digit range.

IV. Steeltin Can Company

As president of a small manufacturing company employing 150 people, let me describe our company, its competitive position, its employment policies and benefits, and the detrimental effects of the enactment of S. 249.

Founded in Baltimore in 1912 (we are celebrating our 75th anniversary this year), Steeltin, as the name implies, manufactures metal cans, primarily for the specialty food, seafood, and paint and coatings industries. As in so many U.S. manufacturing companies, the competitive pressures upon our company have intensified enormously over the last 5 years, and have in fact reached crisis proportions. To give you some idea, a gallon paint can which sold for 70 cents in 1979 now sells for about 50 cents, a 30% decline, and prices continue to weaken. What is causing the price decline? A combination of forces including foreign imports, excess domestic capacity, and encroaching substitute materials like plastic.

Unfortunately, despite successful cost reduction and productivity improvement programs, our overall costs, particularly labor costs, have continued to rise over the last 5 years. The net effect on our profitability, as you might expect with a 30% decline in prices and increasing costs, has been devastating. And we are certainly not unique. I know there are thousands of companies in a similar position, small and large, in a variety of industries, fighting for survival in this new age of competition.

Now let me outline our employee benefits. Total labor costs, including employee benefits, represented 20 cents of every sales dollar in the year 1985, second only to materials as a component of cost. Our employee benefit costs, measured in accordance with the widely-cited Chamber of Commerce annual report on Employee Benefits, accounted for 38 cents of every payroll dollar in 1985. The Chamber figure for all industries that year was an identical 38 cents, indicating that overall our benefit program is typical of American industry.

Indeed we have an excellent employee benefit program, with not only the common benefits like vacation, group health, life, disability income insurance, and pension plan, but also a 401(K) profit sharing plan, an in-house credit union, Christmas bonus, and other benefits tailored to our particular employee needs. With respect to parental leave, our company offers up to 26 weeks disability leave for pregnancy, at 70% of pay with job guarantee upon return, and treats any absence from work to care for a dependent as an excused absence, within the overall absence limitation of 18 days per year.

But let me return to those statistics on employee benefits. For the last 5 years, the Chamber of Commerce figure for benefits per payroll dollar has remained essentially flat at 38 cents; our own figure has in fact declined from 42 cents per payroll dollar in 1980 to the present 38 cents. What story do these number tell? They indicate that American industry, and our company included, in our desperation to achieve cost competitiveness, has hit the wall of tolerance in the level of employee benefits which we can afford. Speaking for my company, I know we've had enough. Enough of mandated costs like Social Security, unemployment compensation, and workers' compensation, and enough of mandated regulations like ERISA and COBRA.

As government imposes new costs and costly regulations on our company, I have two choices, and neither of them is passing the costs along to customers. Either I accept the lower level of profitability (with, of course, the resultant depression of reinvestment, growth and new job creation), or I respond by making a corresponding cut in our employee wage or benefit costs. Which choice do you think that I, or any of the thousands of managers in my competitive position, will make? If you shift a cost to me, I'll find a way to shift a cost to someone else, and it won't be a customer. Who loses? The employee...or the nation.

And let there be no mistake that S. 249 or any variation thereof represents new costs. In our company, like most small companies, we have many job classifications with only one employee. We're like a baseball team with only 9 players, one deep at each position. We have one accounts payable clerk, one payroll clerk, one electrician, one tool and die designer, one draftsman, one millwright, and one person in a host of other operating positions throughout the company where there is just one person truly qualified to perform that job. These people are not flipping hamburgers; they typically require months of training before they are fully functional. And don't suggest temporaries: they are either extravagant substitutes or no substitutes at all.

The bottom line is that for each person on leave under S. 249 we will be paying double employment costs: there will be insurance and pension to pay for that person and his or her replacement, and offsetting the "saved" wages of the employee on leave are the costs of finding, hiring, training the replacement worker, and the inevitable reduced productivity during initiation. When the replacement worker must be dismissed, we pay for the unemployment compensation. And there are many positions for which we would never find an adequate replacement; in that case, costly overtime, declining productivity, and lost orders are the depressing alternatives.

Please forgive me if I appear philosophically opposed to the concept of parental leave. It is, in my opinion, an excellent employee benefit which many companies already offer, or will offer in the future, because it addresses their particular employment needs. In fact, it is possible that our company may offer this benefit in the future: 32 of our 150 employees are female. But don't force the benefits down our throat and theirs. They may prefer employee-sponsored day care, or expanded health insurance, or even (now don't be shocked) higher wages. But they can't have it all, for we are fighting for our survival in the crisis of competitiveness facing American industry.

Let the free enterprise system work. Don't limit the choice of employee benefits by mandating a parental leave policy, or any other benefit. Let employers like us make the choice, or, rather, let our employees make the choice. We're a well-run company, and a well-run companies listens to their employees...and, ever more, to the relentless beating drums of the competition in a global economy.

Senator DODD. I should say first of all, because I presume the question will come at some point, that I have a parental leave policy in my office of paid leave for 12 weeks and marginal pay for another 6, making it 18. But I would endorse the comments made that too often Congress is very quick to mandate things to everyone else but themselves. Your criticism is very legitimate.

I feel strongly about the bill—but obviously, the purpose of hearings is to get good suggestions and ideas and recommendations. And while I realize there may be just fundamental philosophical opposition on the part of the Chamber or the NAM to the concept of mandated parental leave, I would also be anxious to hear whatever suggestions you might have as well to improve the bill.

Obviously, the big question for many people is the cost factor. That is the one I am sure that everyone is going to raise as, if not the first question, then as the second question. The Chamber has talked about some $16 billion for an unpaid program. If I have listened correctly or read the chamber's testimony then correctly, a paid program would get into additional billions.

I have mentioned, this morning, that we are going to have the GAO take a look at these factors for us, and I am certain you will appreciate that.

But if I could, Frances, I would ask you to go to page 10 of your testimony. It is a micro-level cost assessment, and it cites an example based upon a word processing employee in Washington, DC. And this is where you get into some of the billions of dollars the chamber says unpaid leave will cost.

The assumptions in this example are that workers take 4.5 months of leave for parenting purposes. Now, you cite the average pay for such a word processor as $315.25 per week, and then you go through and you work out the figures.

I do not want to confuse everybody with all of this. But what year was that weekly rate for a word processor, do you know?

Ms. SHAINE. My understanding is the figures came from 1985.

Senator DODD. Well, I thought it would be curious just to get out the Washington Post today and take a look at what salaries for word processors are advertised in the jobs section. And it is interesting. Positions for permanent jobs are advertised at $11.50 an hour—almost $4 an hour more than the salary you use for your permanent worker. Salaries for a word processor with "Digital Deck-II" are advertised at $11 an hour; with Wang at $11.50 an hour and another one is advertised at $9-plus an hour. There is nothing even remotely in the range of $7 an hour, the figure you cite for permanent employees taking leave.

Ms. SHAINE. These are not my figures, but let me comment on what you have just said. Let me suggest that if the average wage for a word processor is in the neighborhood of $11.00, you said——

Senator DODD. Yes, almost $4.00 higher.

Ms. SHAINE [continuing]. Then the price for a temp has to be higher, because the man hiring the temps, who provides them to the employer, has to get his profit on top.

Senator DODD. That is if you hire through an agency.

Ms. SHAINE. That is right. So the same person coming to you from a temp agency, I do not care whether it is a word processor, a secretary, a receptionist, anybody, costs you more per dollar if you hire them through a temp agency than if you are hiring them yourself. The cost benefit is that you are not paying them the benefits that you would otherwise be paying to your employee.

Of course, in this circumstance, the suggestion is that you continue to pay benefits to your employee, but——

Senator DODD. Yes, but you figure that in, I presume.

Ms. SHAINE. Yes. But what I am saying is that I hear what you are saying, but I think if you looked at both of those circumstances, you would find that the temps proposed there were of lower capability than the person you would hire yourself at the same hourly rate.

Senator DODD. Getting away from the question of capability, because I think the question of training and so forth is very legitimate—I am just talking about your $16 billion cost estimate. Using the Washington, DC, example of a word processor, there are temps advertised in today's paper for $11 an hour. You are saying in your testimony that the temps cost $14 to $17 an hour. You are $5 high on that one and $4 low on the salary paid to the permanent worker.

Ms. SHAINE. What I am suggesting is that you cannot hire—I do not know who those people are in those ads——

Senator DODD. Well, Wang is a fairly well-known operation.

Ms. SHAINE. True, Senator. But there is no way that you can hire someone from a temp agency at the same price that you would otherwise be paying someone, or you would never hire your own personnel; you would get them all from temp agencies, and you would avoid the entire problem of unemployment compensation and a variety of different benefit programs.

Senator DODD. Well, you would have the problem of training and so forth, which I think is very legitimate.

Ms. SHAINE. Well, except sometimes temps are on long-term assignments. I mean, you can get a temp to stay in your office. What I suggest is that there are word processors and word processors.

Senator DODD. I would ask you, Frances, if you could, to get the sources and the dates of the numbers used in your analysis.

Ms. SHAINE. I would be delighted to do that, and further, I would be delighted to provide a full explanation of the data as they sit here.

Senator DODD. You understand my concern as to getting to those various numbers.

Ms. SHAINE. Indeed I do. Also, I am delighted that you are going to ask GAO, because I think that that will help to place the entire problem in perspective.

Senator DODD. Senator Harkin had to leave. He had, just like everybody else, other hearings this morning. But he asked me before I left if I would ask this question of the Chamber and the NAM. I do not know if you heard him talk about daycare. He feels very strongly that maybe daycare is a better option. Do you have the same sort of feelings about mandated daycare?

Ms. SHAINE. Well, I have a feeling about mandated benefits, but let me talk for a minute about daycare centers. I think they are wonderful, and in fact, in a tight labor market such as mine, highly advantageous. But I want to provide you with another problem. Just as opposition to mandated benefits was the number two issue at the small business conference, the number one issue was liability insurance. The reason why my company and many others do not have daycare centers without their being mandated is that the cost of insurance makes them unreachable.

So if we address that, we need to address further the problems of insuring those circumstances. So, (a) I do not like mandated programs, but (b) I love daycare centers. I would be delighted to have one if we could manage it.

Senator DODD. Well, my sense of listening to the two of you is that if everybody was doing what you are doing, we would not be having a hearing here this morning. And, Mr. Wilson, I commend you. I do not know if you are familiar with the figures, but apparently only 3,000 out of 6 million employers offer anything at all in the area of childcare, whether it be on-site daycare or flexitime. That number has not gone up substantially in recent years.

I wonder if either or both of you are familiar with the Hewitt Associates in New York City; have you ever heard of them?

Ms. SHAINE. No.

Senator DODD. Well, let me just tell you, they are a compensation and benefit consulting firm. They invented flexible benefits. My staff checked with them on the possibility of putting unpaid parental leave into cafeteria benefit plans. And I am quoting them now. They say they "do not know of a single cafeteria plan in the country that has an option with paid or unpaid parental leave"—not disability, but parental leave. And because Hewitt Associates invented flexible benefits, they say that they have designed more cafeteria plans for more businesses than any other consulting firm in the country.

Do you have any reaction to that?

Mr. WILSON. First of all, Senator, let me explain—and I appreciate the commendation you gave our company—but we are not among those 3,000 corporations that you cited because our employee benefit program with respect to short-term disability does not specifically address the concept of parental leave. It addresses the concept of pregnancy, the process of giving birth to a child, which is treated like any other medical disability in that an employee is entitled to up to 26 weeks of paid disability leave.

Senator DODD. That was a result of Federal legislation, the 1978 Pregnancy Anti Discrimination Act.

Mr. WILSON. No. That is not a mandated benefit. The Federal legislation says that if you have a short-term disability program, under that program you must treat pregnancy like any other disability, but it does not mandate that you actually have that benefit.

Senator DODD. No, but the equity issue was mandated by the Federal legislation.

Mr. WILSON. That is right. But even before that legislation, we treated pregnancy like any other disability, and we complied.

Senator DODD. Not everybody did, though.

Mr. WILSON. Not everybody did; I understand that. But I think the very important point to make is that good employers—and I have to believe that every employer tries to be a good employer, or we go out of business—good employers address the concept of the dual work-family responsibility with the attitude that we have to do a good job for our employees or else we are not doing a good job for our companies. And with that kind of attitude, we find ways to accommodate the dual responsibility of work and family within the spectrum of our own specifically-tailored employee benefit program.

Ms. **Shaine**. If I may comment, I certainly agree with just about everything Jay has said, and said very well. We also provide pregnancy and childbirth leave and not parental leave, and I think that that is an important distinction. So we would probably not fall within it. In Massachusetts it is mandated that pregnancy leave be equivalent to disability, anyway. For us, this is not really a problem.

But I guess I would kind of question the figures that we are looking at, or maybe the distinction that they are making between parental leave or childcare.

Another point, too, is that——

Senator **Dodd**. They are probably very high if we are talking about parental leave; probably in the ballpark on childcare or daycare. Would you agree with that?

Ms. **Shaine**. Yes.

Senator **Dodd**. All right.

Ms. **Shaine**. One point that we have not really addressed is the increasing number of single parents. That is certainly a phenomenon in my labor market. I would venture to say at least half of the women with children who are employed by my firm do not have husbands, or have husbands who have disappeared. And therefore the problem is in many regards more extreme than we are discussing. They cannot afford to be out of work, or they go on welfare, or they never come back to the workplace.

It seems to me that the concept of this bill perhaps is not real world for those people, and maybe requires some further thought. For them, these problems are enormous.

Senator **Dodd**. Well, I mentioned earlier the idea of saving. I understand when we are talking about the serious illness of a child, a parent does not have time but to anticipate it or save for it. But if a person is pregnant, she has some time. I mean, parents know that the baby is coming, or that they have applied to adopt.

You are not suggesting you would like it to be paid leave, are you?

Ms. **Shaine**. No—although ours is, but the amount of money is small.

Senator **Dodd**. But your opposition to this is not based on the difference between paid and unpaid leave.

Ms. **Shaine**. No. My opposition is to the proposal that it be mandated.

Senator **Dodd**. All right. Isn't that really what we are talking about here? I think more than anything else, as I listened to your testimony, your real objection is philosophical. Aside from the notion that the weeks may be too long. I think someone also made the point, and I think it was an excellent one, about how long that workers should be in the company for a while before they qualify. Those are certainly things I think we ought to think pretty hard about as we proceed along this path.

Ms. **Shaine**. Correct.

Senator DODD. But your real objection to this—the real objection—is the mandated nature of it. Am I basically hitting the problem on the head?

Ms. SHAINE. Yes, the underlying real problem.

Senator DODD. Ms. Del Brady, I have been focusing on the witnesses over here. You have heard me raise three or four questions. Do you have any comments on the questions I have already raised with the others.

Ms. DEL BRADY. I guess that in terms of developing the position that we have, NAWBO really took a look at some of the things that you just talked about Fran, and that is in fact, the bill is being criticized for being a "yuppie" bill and that many people will not be able to take advantage of it; in fact, many women will not, because they cannot afford the 4 months.

If in fact small business cannot afford to give 4 months, then why are we talking about a mandate for four months, and might it not be better to take a look at the simpler, lower mandate that would not add the kind of training costs that a 4-month absence would. I think that most employers could take a look at a 6-week period of time, and whether you are moving that job around to a couple other people, or you bring your temporary in, or whatever the case might be, you can cope from a small business standpoint for a 6-week period of time. And you have created win-win; instead of having employers trying to duck the issue and working around it and not hiring women and all the potential ugliness that could happen in that direction, you add the incentives that NAWBO has suggested, so that in fact we look to develop policy that would promote more than six weeks in the minimum mandate, but you start off in a very positive way.

Senator DODD. Let me ask you this. I appreciate your concern about the 18-week period and that is obviously something that we are going to have to look at. You have suggested taking the small business exemption number of 15 down to 5. Let us assume you have two women in your firm. If we take the statistics from Dr. Zigler, where 85 percent of the women in the work force are of childbearing age, and 50 percent of the women in the work force have children under the age of one, how do you answer the question that has been raised where you could literally be faced with a situation where 50 percent of your work force is on leave? Granted, you can go out and hire temps. But if you are in a sophisticated business, as you are, where you are talking about biomedical material—that is not piecemeal work. You have, I presume, fairly sophisticated skilled workers. Don't you crush a small employer somebody in that situation?

Ms. HENDERSON. We could have exactly the same thing occur in my company now because of the particular demographics. We have 110 employees, but 70 percent of our employees are female. And it is quite possible that half of them could get pregnant at the same time, and we would be in a lot of trouble, or some of our "gold collar" workers who are really irreplaceable could get pregnant——

Senator DODD. What do you call them?

Ms. HENDERSON. "Gold collar" workers.

Senator DODD. What is a "gold collar" worker?

Ms. Henderson. A "gold collar" worker is a person who does not have just one kind of skill but who brings a specific set of skills, pulled together uniquely. There is a book on it; you should read it. It is interesting.

Senator Dodd. Thank you.

Ms. Henderson. But it can happen as easily in a company with 100 people as it can in a company with 5 people. And you can deal with it for 6 weeks.

Senator Dodd. Ms. Del Brady?

Ms. Del Brady. Beyond just looking at—because what you are talking about is an issue at the heart of what all of us are against in terms of a mandated benefit, something you have to live with. I would hope that there would be business exemptions for individual situations.

But I think more than anything, we wanted to come and show that we are this committed to this issue, on the dual issues of parenting and productivity. I do not know that 5 is the right answer, I do not know that 15 is the right answer. But I think we need to do a little bit more data collection to find out what would the right number be, and if we have enough flexibility in legislation, rather than such tight, restrictive kind of language, that can allow businesses to continue to economically prosper and not tie their hands in a given situation.

Senator Dodd. Fine.

Just lastly, Frances, you are going to get me those numbers?

Ms. Shaine. Yes, Senator.

Senator Dodd. Okay.

Senator Thurmond, my good friend.

Senator Thurmond. Thank you, Mr. Chairman.

Senator Dodd. This was the NAM and the Chamber of Commerce and the National Association of Business Women Owners.

Senator Thurmond. They are fine people—and we enjoyed having the other witnesses, too.

I would like to address the following questions to the panel at-large for comment from any one of you. First, many point out that other countries have far more generous leave policies than the United States. In your opinion, is this a good reason to pass this legislation?

Mr. Wilson. Senator, if I could speak first on that, whereas the employee benefit programs of other countries may appear superior to those in the United States, you have to take into consideration the total employee benefit and wage situation in our country versus other countries. But without getting into that, which I think requires more expertise than I have, I would simply cite that although they may have superior benefits, particularly in the area of parental leave, we have superior performance in terms of the job creation within this country.

Our job creation over the period of the last five to ten years is the envy of the entire world. And specifically, that job creation has come from small business. I think the statistics on that are fairly conclusive.

This bill is an example of the kind of bill that tries to mandate behavior or mandate a benefit which has a disproportionate deteriorating effect on small business, which in fact is the source of job creation in this country.

Ms. SHAINE. Thank you, Senator.

I have been with delegations from the U.S. Chamber meeting with delegations from European countries, who marvel at the job creation that occurs in the United States. Part of that is because we have a marketplace benefits program. Europe has much higher levels of unemployment, and further, their industrial policies are run by their countries as ours are not. So that one has to look at the full picture before one succumbs to the seductive idea that we are the last people out.

Further, in some countries where there are benefit programs, they are working off a much lower wage rate—for instance, Korea quoted hourly compensation including benefits in U.S. dollars of $1.41 versus the United States at $12.82.

Senator THURMOND. Would you repeat those figures?

Ms. SHAINE. Yes, and I would be happy to give you this. Korea is $1.41 hourly compensation.

Senator THURMOND. Is that South Korea?

Ms. SHAINE. Yes.

Senator THURMOND. And what is it here?

Ms. SHAINE. Twelve dollars and eighty-two cents. So benefit packages as a percent of compensation, even if they are high, turn out to be very low in actual value.

So it seems to me that one has to look at the full picture before one decides that we really are not doing something that we ought to be.

Ms. DEL BRADY. I cannot add anything more to what they have just said.

Senator THURMOND. The second question is what effect do you think this legislation will have on our ability to compete in world markets?

Ms. SHAINE. Well, I should let someone else talk, but we have a small industry. I have several U.S. competitors, one of whom is in Senator Dodd's State. We all fight like cats and dogs in a competitive U.S. free enterprise manner.

However, we are united against our real threat, which is low-cost imports. We work very hard with our people to increase their productivity, and with capital investment, to increase productivity through automation.

When we add—if we add—to the requirement in labor costs, we injure our ability to compete in the international market, which today, even for small business, is where the competition really lies.

Ms. DEL BRADY. Absolutely, and not just in the traditional sectors of the economy, but particularly in terms of our international deficit, we have to look at trading our services as well. When you look at the service sector and how labor-intensive they are, a mandate such as this is definitely going to have an impact on it, and that in effect will impede our ability to compete effectively internationally.

Senator THURMOND. Thank you.

The third question: Would you relate the practical problems facing a small business in implementing the policies required by this legislation. Without going into a lot of details, could you just briefly give us a summary?

Mr. WILSON. Senator, one of the most difficult things that we as employers have had to face in trying to analyze this bill is to assess cost. In fact, I asked Piia Aarma from the NAM to try and develop some cost estimates of what a bill like this might cost in dollars and cents. She conducted a quick survey of major employers and other NAM companies like ourselves and was unable to come up with a cost that could be truly engineered, as it were—in other words, specific.

One of the difficulties is trying to estimate the cost impact of a bill like this. We know that it will be significant because as small businesspeople—and all of us here are in that category—we know that we have a very difficult time doing without a number of key employees within our company. In fact, in a small business, I would submit that virtually every employee is a key employee. The costs of replacing the employee on leave with double benefit costs for pension, insurance, and the other employee benefits, the costs of hiring, training, and the inevitable costs of declining productivity of the replacement employee, employee unemployment compensation costs which result when the leave employee comes back to work—all of these are identifiable, but of course, the real determining factor is utilization. In fact, how is it possible to predict just how much utilization there would be of a parental leave bill?

That is the thing that presents the most difficult problem to us as small businesspeople. Since we know that the cost will be significant, but since it is impossible to predict that cost, it makes us extremely anxious, and it makes us increasingly determined to offset the maximum possible cost of such a bill as this, a mandated benefit for parental leave. To offset that cost we must look elsewhere within our employee benefit programs, and wherever we look within our employee benefit program will inevitably have the result of disadvantaging other groups of employees who might prefer other employee benefits such as expanded health care, a better pension plan, a dental plan, or even higher wages.

Senator THURMOND. Anyone else?

Ms. HENDERSON. I think in the small business, you have to recognize the importance of the individual person to the company. People come to work for small businesses because there is tremendous opportunity for rapid growth and advancement and training within those small businesses.

So each employee is especially important, and so they are very difficult to replace. They are not necessarily interchangeable. There is very high cost and real absence of available qualified replacements for people.

The people who are higher up in my company, with more management responsibilities, are the ones who take the longer leave time, and they are more difficult to replace. There is a tremendous impact on productivity when these people leave because of the job knowledge they have, their skills with clients, their ability to manage people.

And then, when you bring someone in who is only coming in for about 4 months, the loyalty of the people who are being supervised does not transfer; a lot of things get held until the person comes back.

I personally saw this when I took three months maternity leave, even though I was working out of my home. A lot of things were on hold until the CEO got back.

And then there is a real question that I have as an individual, because I am very committed to my staff—what is my obligation to that new person that I bring in; being sure that we are treating the replacements fairly.

The other issue that I face as an employer is that to be competitive, I have to keep my overhead cost and my benefit cost to a certain percentage of payroll. I spend those dollars very judiciously. For instance, we found that our lower income employees did not take as much maternity leave as we thought they should, so we took money out of our medical program and changed our benefits there and put it into a short-term disability program so that they would take longer time. So we move things around between overhead and our fringe benefits to stay competitive, but to meet the needs of our employees. A 4-month mandated benefit, I think, would impact on that flexibility.

Senator DODD. So you prefer a shorter time?

Ms. HENDERSON. I prefer seeing a shorter time mandated. We give three months in my company. And I would like to be able to have flexibility in giving more, and I would always give more.

Senator THURMOND. I notice in reading a portion of this bill that the term "son" or "daughter" means "a biological, adopted or foster child, stepchild, legal ward, or child of a de facto parent, who is under 18 years of age." Now, you have studied this bill, I guess, and I want to ask you this question. Would you construe from that that if one adopted a 13-year-old young person, or a 15-year-old young person, or a 17-year-old young person, that the employee would be entitled to 18 work weeks of parental leave during any 24-month period?

Mr. WILSON. Yes. That is the way I would interpret it.

Senator THURMOND. Not just babies, but children under 18 years of age.

Mr. WILSON. That is right. That is the way I read the bill.

Senator THURMOND. In other words, anybody who adopted a 17-year-old child would be entitled to 18 work weeks of parental leave during any 24-month period?

Senator DODD. If my colleague would yield, the reason that provision is there is that we are talking about special needs children. In that category, many of them are mentally retarded who do not have homes. So while the age may surprise you, in some cases we are talking about children who are without families at all. In that case, while they are not an infant, they need special care and attention. So that is the reason for that, and that is what we are talking about.

Senator THURMOND. Do any of you have anything further to add?

[Pause.]

Senator THURMOND. Thank you very much for your appearance, and we want to thank all of the witnesses today for coming and testifying.

Senator Dodd. We are not quite through yet, Mr. Chairman—it is hard for these guys to give up the Majority, you know. [Laughter.]

You will notice I kept the gavel over here on this side.

Senator Thurmond. We will take it back in 2 years. [Laughter.]

Ms. Del Brady. Senator, excuse me 1 moment, if I may. In addition to our prepared statement, I do have a couple of other things I would like to submit for the record.

Senator Dodd. Certainly, certainly. We appreciate that.

Ms. Del Brady. Thank you.

Senator Dodd. And thank you all again for being so patient and waiting so long to testify.

Our last group includes witnesses—we have two other witnesses who are business executives and owners of businesses in their own right. We have already heard from Mrs. Specter so we will start with Jeanne Kardos.

Jeanne Kardos is director of employee benefits at the Southern New England Telephone Co. She comes, I would say with some pride, from my home State of Connecticut and has a tremendous influence on the parental leave policies at Southern New England Telephone.

Carol Merrick, of Merrick Consultants, Inc., Kenosha, WI, is a vocational counselor and a small business owner in her own right. She specializes in providing temporary help to firms and local governments in Kenosha, WI.

We are pleased to have both of you here this morning to share your thoughts with us.

Jeanne, we will begin with you. Thank you for coming down this morning and again, being so patient and waiting. Your prepared testimony will be made a part of the record. If you would like to abbreviate it~~, or~~ present it in any way at all, we will be delighted to receive it.

STATEMENTS OF JEANNE F. KARDOS, DIRECTOR OF EMPLOYEE BENEFITS, SOUTHERN NEW ENGLAND TELEPHONE, NEW HAVEN, CT; AND CAROL MERRICK, MERRICK CONSULTANTS, INC., KENOSHA, WI

Ms. Kardos. Thank you, Senator.

As you said, Senator Dodd, my name is Jeanne Kardos. I am director of employee benefits for SNET. We are a telecommunications company which operates primarily in Connecticut and employs approximately 14,000 employees.

I think I can probably serve this committee the best by sharing some of our experience with a plan that has been in effect for ten years.

We have had childcare leaves and maternity disability programs for that long. Since then, we have put in a lot of different features which make it more flexible, including leaves for adoptive parents, care of seriously ill children, extending health care up to six months during those leaves, and also recognizing that leaves for adoption should not just be for babies, which is something we changed this year, by extending them to the adoption of all minor children.

Let me just outline what a typical employee who is going to have a baby might expect from our benefit plans. First, prior to pregnancy she can take what we call an "anticipated disability leave", generally, two to four to six weeks prior to delivery, and this is so she can get ready for the delivery. It is an unpaid leave, but her benefits continue.

Then, as soon as she has the baby, she goes back into our regular disability plan, is really back on the payroll, and is then receiving all benefits of the company including full health benefits for herself and her child.

As soon as the doctor clears her to return to work, which is generally 6 to 7 weeks, she is eligible for childcare leave, which can continue up to 12 months past the point of birth. The first 6 months, she enjoys guaranteed reemployment and is covered by most of our benefit plans, the main one being the medical plan which is of most concern.

These childcare leaves are available not only to natural mothers but to fathers, to adoptive parents, and also to parents of seriously ill children.

The benefits that they enjoy during the disability period are the full benefits that all active employees enjoy, including pay. After the disability period, as I said before, they have medical insurance up to six months, they have company-paid life insurance and death benefits under the company's pension plan. They receive service credit for the first month of that leave, and when they come back to the company, there is no loss of seniority, and we immediately bridge their service.

We also have an extensive personal leave policy which is for personal leave without the guaranteed reemployment for up to a year for other things that might occur to that employee.

We have had many flexible work arrangements used in our company. In my group there are 30 people, even though there are 14,000 employees with the company, I think most large employers will tell you that their companies are made up of small skilled groups. I have 30 in my group, and I have to say that we have never replaced someone who has left on leave of absence. We have always held the spot open for them because the employee benefits area is a highly trained area. We have had people stay out for up to 6 months, and we have just sort of all tightened our belts and done their work and tried to work with them at home. I have given them home computers; we have put word processors into their homes; we have asked them to come in to periodic meetings to keep touch with us; we have used the telephone—all kinds of flexible work arrangements.

I think if an employer exercises a little creativity and ingenuity, you can find that these people really continue to be a resource for you.

To give you some facts and figures, during 1985 and 1986, our last 2 years, 94 employees took anticipated disability leaves, that small window before they had their babies, 320 worked right up to the point where they had the baby and then went on disability. That is a total of 414 employees who have had babies in the last two years, out of 7,200 women; that is 6 percent of our female work force. Of those—and this addresses some of the questions about utilization—377 chose childcare leave, an unpaid leave, past the disability period. That is 91 percent. Only 37 employees, or 9 percent, came directly back to us.

Senator DODD. And just quickly, what is the income range of those people you are talking about?

Ms. KARDOS. Let me cover that. Last year alone, there were 180 women in the work force who had babies and chose to continue with the childcare leave. One hundred forty-eight, or 2.6 percent of the women were nonmanagement, coming from the 10,000 union employees whose salaries range up as high, I would say, in these jobs to about $25,000 a year.

Senator DODD. And as low as?

Ms. KARDOS. Entry-level would be, I would say, as low as $13,000, $14,000. So 2.6 percent of them——

Senator DODD. Of the whole work force?

Ms. KARDOS [continuing]. Of the nonmanagement work force women—took leaves last year and did take the nonpaid leave.

In management, which is about 1,500 women, only 30 took leaves of absence after they had their babies, which is about 1.9 percent. So unlike some of the previous testimony that indicated that the higher paid women are taking more leaves, our experience is quite the reverse. In fact, the women who are in higher level positions tend to come back quite a bit sooner, and I think this is simply because at that point they have a lot of responsibility as a management employee, they are very close to their work and very dedicated to their careers and are anxious to get back to them. And they work very hard during their pregnancy and early disability period to try to find good childcare alternatives so that they can get back to their jobs.

I have two children myself. With the first, I came back in six weeks; the second one, I took two and a half months, due to just different situations in my life. I am finding that most of the women at my level of the business in middle management come back within 3 months, under 3 months. The average leave, however, is 4 to 5 months for the whole work force.

We do have a daycare center. We started it in 1984. The company funded it, and it is now running. There is a board of directors of company employees who run it. It is organized as a VEBA, and the company does not make any contributions to it, but we did help them set it up and funded the renovation of a building on the Albertus Magnus campus for that purpose. We continue to provide them with some in-kind services because we do want to support that effort. It currently has 57 children in it.

We also have flex benefits programs, and we do offer a form of subsidy, if you will. Instead of the company subsidizing, we let the government subsidize daycare by offering a Section 125 dependent care account in which they can pay for their dependent care with pretax dollars. That gives a tremendous advantage, and we offer that now to all of our employees. There is some cost to administering it, but we feel it is worth it because there is significant savings for our employees through that.

So why do we do this? Really, there are three reasons. First of all, we recognize that women with small children are in our work force to stay. It is obvious from our statistics; they are having babies. These women are very highly trained. They have a tremendous amount of job experience, and we do not want to lose them. They have a special need that we have recognized. The need is parenting. And it is not really a different need to us than the need they have demonstrated for health benefits and pension benefits and savings plans and disability and life insurance and all the other kinds of programs they have.

So we feel that we have extended these benefits to them for the last ten years because it has become a significant need that they have.

As I touched on before, we also have a very selfish reason. We regard these people as assets to the corporation. We have a lot invested in them. And as you said in your testimony, it is unfair to make them choose and have to prioritize between their families and their careers, when we can make them satisfied with both.

And finally, as you know, Senator, we are a leader in employee benefits in our State, and we like to be known as a progressive employer. We think by having these kinds of benefit plans, we can attract the best people and keep them. And that is why, for all of these reasons, we think it is cost-effective rather than costly.

I think the main reason why it is cost-effective is that it serves productivity. We get people back who are not only highly trained and skilled in what they do, but we get them back in such a way that they are very grateful to the company that cares for them, and they stay with us. Our average service in our company is very long, as you know.

The final thing I would like to say is that I am really proud that you are sponsoring this bill because we in Connecticut, I think, have a strong sense of family and child, and we are glad you are doing it.

Thank you.

Senator Dodd. Thank you very much. That is very helpful testimony, and very worthwhile, too. That is a good, long history. Ten years is a good period of time to assess and judge.

[The prepared statement of Ms. Kardos follows:]

STATEMENT OF JEANNE F. KARDOS

ON S. 249, THE PARENTAL AND MEDICAL LEAVE ACT OF 1987
BEFORE
THE SUBCOMMITTEE ON CHILDREN, FAMILIES, DRUGS AND ALCOHOLISM
OF
THE COMMITTEE ON LABOR AND HUMAN RESOURCES
THE UNITED STATES SENATE

FEBRUARY 19, 1987

My name is Jeanne Kardos and I am Director of Employee Benefits for SNET, a telecommunications company which operates primarily in Connecticut and which employs approximately 14,000 employees.

I welcome the opportunity to speak to you today not only as a representative of my company and its benefit programs but as a working mother with two children. Professionally and personally, the company and I are very much in favor of providing parental leave and disability programs.

SNET has had a maternity disability program and a child care leave policy since 1977. In 1979, we added anticipated disability coverage so that an employee can take time off in anticipation of a medical disability - in this case, having a child. Since then, maternity disability has been made more flexible and in 1983, we also included leave for adoptive parents. Last year, we introduced the special leave for the care of seriously ill children and extended health benefits for a period of six months for all child care leaves of absence.

Here's how our plan works:

ANTICIPATED DISABILITY LEAVE

- At any time during pregnancy, an employee can take unpaid leave for what we call Anticipated Disability. If her physician certifies that she is disabled during this period, she would then be covered under our regular disability plan which pays either full or half pay depending upon her length of service with the company.

DISABILITY PLAN

- At the time of delivery, and until her doctor clears her to be free from disability and able to work, she is covered by the disability plan which again includes full or half pay benefits. This is, of course, subject to review by our Medical Department.

CHILD CARE LEAVE

- After the period of disability, she may then take an unpaid child care leave which can extend up to 12 months after the birth of her child. During the first 6 months, she has return to work rights which guarantee her a job which if not exactly the one she left, is similar and has the same level of compensation. The total amount of leave time including the anticipated leave and the child care leave may not exceed one year.

- Fathers may also take up to 12 months unpaid parental leave and the same 6 months guaranteed reemployment rights also apply to them.
- The same provisions apply during adoptive leaves and those to care for a seriously ill child.

OTHER BENEFITS

- During all periods of disability the employee is fully covered under SNET's benefit plans.
- Benefits continued during anticipated disability and child care leave are company-paid health insurance, company-paid life insurance and death benefits under the company's pension plan.
- The employee receives service credit with the company during the entire disability period and up to 30 days credit during the leave.
- There is no loss of seniority upon return to work. Service is automatically bridged and all benefit plans and vacation allowances pick up where they left off when the employee began the leave.

PERSONAL LEAVE

- The Company also has a Personal Leave policy which, among other things, can be used when there are other reasons the employee needs to attend to duties at home. This again may extend for up to 12 months but carries no guarantee of reemployment.

Flexible return to work arrangements are common at SNET. Depending on the type of work the employee does, it may be possible to work part time or to have flexible hours. Supervisors are encouraged to work with employees returning from leave in order to make the transition as smooth as possible.

To give you an idea of the levels of participation in our program, during 1985 and 1986, 94 employees took anticipated disability leaves and 320 chose to work up until they delivered. The average disability period was 7 weeks after which 377 employees took child care leaves. Ten employees took advantage of adoption leaves. Most leaves ranged between 3 and 6 months after delivery and the vast majority do return to work. In fact, of those who took leaves last year, only 4 have decided not to return to their jobs. While only three fathers took child care leaves after the birth of their children last year, there is a growing interest and we expect more to participate in the future.

In 1984, we went one step further and in response to requests by employees, helped them establish a day care center in New Haven, Connecticut, where approximately one-half of our employees work. We did this primarily so that quality, affordable infant care from the age of three months to two years of age could be provided. As you may know, across the country, good infant care is in critically short supply. After 15 months of operation, we're proud that the child care center is organized and managed by an employee Board of Directors, is financially independent of the company and running at full capacity.

WHY HAVE PARENTAL LEAVES?

There are several factors which have caused us to develop our benefit philosophy with regard to maternity and parental care. Along with many leading companies in the country, we recognize that women with children are in the workforce to stay. Whether they are single parents or not, they have special needs involving pregnancy and child rearing. We've also responded to a heretofore ignored group - fathers who want to be involved with full-time child rearing at some point after birth or adoption. The special needs of these parents and more than that, the benefits which accrue to them and their children from this early participation in child rearing, cannot be ignored any more than the widely accepted need for medical or pension benefits.

In addition, one of the most important concerns we share with our employees is an interest in their careers. It is clear that forcing them to choose between their children and their jobs, or to compromise on either, produces at least one loser - maybe two. Adequate disability and parental leave can solve these problems. The employee returns to the company when he or she is prepared to do so, and the company retains an important asset.

Lastly, we want our benefit plans to be recognized as progressive and competitive. We know that it will help in attracting talented individuals and if they are happy with their benefits, they'll want to stay with us. I personally have a tremendous sense of loyalty to my company which stems in part from the benefits I received at the time my daughter was born eight years ago and the flexibility I have enjoyed in her child rearing.

It is for these reasons that we are convinced this benefit is most definitely cost-effective. Retention of trained and dedicated employees will certainly have a positive effect on productivity. We also do not feel that the cost of health insurance, once the mother and child's medical costs have been paid, will be significant. At that point, coverage is generally for a young healthy family which is not a high risk group.

I would like to make two requests for your consideration in finalizing this bill:

- First, speaking as a Benefits Administrator, a benefit program under this law should be easily administered without the requirement for a great deal of paperwork and monitoring. The ability to frequently come and go from leaves as provided in Section 103 could make such a program unmanageable.
- Second, it is important that representatives of different sized businesses be appointed to the Commission to lend their diverse expertise and perspective.

I would like to close by saying that I was especially pleased to see that Senator Dodd is sponsoring this bill and that the House bill is sponsored by most of Connecticut's Representatives. I think it is indicative of the concern for the needs of working parents and their children in our State.

Thank you for permitting me to appear before you today. I am very supportive of this bill and hope that it succeeds.

Senator **Dodd**. Ms. Merrick, you have come a long way from Kenosha, and we thank you for not only coming, but waiting this long this morning. But you have the benefit of having heard all the other witnesses, and that is an advantage, if you would like to look at it in that regard.

We would be glad to receive your testimony.

Ms. **Merrick**. Thank you, Senator.

Because I have listened to the other testimony, I would like to deviate from what I have formally presented.

Senator **Dodd**. Sure. We will take your formal testimony, and it will be made a part of the record, and anything else you wish to say, we will just add to it—unless you want to change the testimony.

Ms. **Merrick**. No. I just want to add to it.

What I want to say is what we are all talking about today is the bottom line investment; how much is it going to cost an employer to replace a worker. What I am going to say is that it is more cost-effective to get behind a standardization in your bill than it will be to hire new employees.

What they have left out throughout the day, as far as I am concerned, is the cost of advertising, hiring, screening, placement when a person does have to leave the work force and he does not have any sense of job security or the ability to return to his job.

I personally own a consulting firm. I do vocational counseling, so I work with this every day. I have also been married to a veterinarian for 36 years, and we have had a business for 30 years, so I am speaking of being in business in a small business for over 30 years.

So I am interested in the bottom line and the investment. But what I am saying today is that our employees are our biggest investment, and they are also our biggest asset. So how can we address that?

The way I can address that for myself as being concerned is that as a business owner, I know what it costs me to hire and train somebody new. In fact, I was giving a seminar to the Chamber of Commerce on hiring and firing, explaining to the members of the Kenosha Chamber of Commerce how much it would cost them should they not provide the "care and nurturing", let us say, of their employees. They really need to take care of them and care for them.

I also spoke to the Wisconsin State Bar Association in terms of hiring and firing and the costs therein. It is very costly to lose a good employee. It is less costly to bring in a temporary. And I do want to address the temporary issue because it has been well-maligned today.

The Department of Industry and Human Relations did a study—I was a job service counselor—and they did a study, and they will reimburse employers $3,000 to $6,000 to hire a financially disadvantaged person. So the Government is admitting that it costs $3,000 to $6,000 at the bottom for a $3.35 an hour person just off the top.

I was a "headhunter" in Chicago. If you take one of the upper level positions, and you lose an employee because they want to have a family and should not have had to make the choice, but let us say they did—then, you are talking $10,000 for the recruiter alone.

Senator **Dodd**. Are you talking about a permanent loss or a temporary loss?

Ms. **Merrick**. This would be a permanent loss. They would have to replace that person. And they are going to be charged $10,000, let us say, plus 6 weeks of their training to break the person in—and they do not even estimate how much money they are going to lose in the mistakes that that person makes at that higher level.

So it makes business sense to support your bill and standardization of this whole idea of parental leave.

Senator **Dodd**. I am going to send you out all over the country. [Laughter.]

Ms. **Merrick**. I do believe this, and like I say, I have been married for 36 years, and we have six children, and those kids are all in this age bracket we are talking about. And I think it is just terribly morally wrong to make them have to make a choice between a career and a family. I think that is terrible.

In fact, they are all involved in this. And I cannot believe that our nation, in this day and age, does not have some standardized policies for maternity leave, paternity leave, and the adoptive parents. Just listening to the testimony this morning was beautiful, and that is extremely important, and I appreciate what you are doing more than you know.

I would also say that in my own town of Kenosha, I have a temporary service which is a division of my company. The reason I started that is because it is good for everybody. Someone previously mentioned "win-win". I believe in that. I am a psychotherapist. And what happens is this. Right now, I am saving Kenosha taxpayers 42 percent on the employees that they are hiring as temporaries so that they do not have to replace other people.

So the facts about temporaries are just plain wrong, because they do not take into consideration how much it would cost our county if they said, "Oh, I am sorry, you cannot take a leave," for one reason or another. It would cost them the advertising, the testing, the screening, the interviewing, which are all the things I do. So temporaries are here to stay, and they are good for everybody, because there are a lot of people out there who do not want to be any more "permanent" to a company than the company wants them, until after they have tried them out. So it works for everybody.

I was a job service counselor, as I mentioned. The cost in terms of a person losing his job for one reason or another is considerable. It is usually women, and most of the time, they come back into the work force at a lower pay. They give up after they have a couple of children, and they end up on welfare.

So when you are talking about these billions of dollars that the Chamber or GAO comes in with, look at the total cost of social services, like Dr. Zigler mentioned. Look at the alcohol and drug abuse and the abuse of children. Look at those costs. They must be taken into consideration, in my opinion.

The other thing is that women have not been able to build up seniority and pensions. Les Aspin's office gave me the exact figure, and they would be available to anybody, as far as the small percentage of women who achieve tenure in the university system. It is disgraceful. I think that women do not stay in the work force long enough at one job. We average 24 to 34 years working in what we call our work life. I think it is extremely important that we make sure that she can build up those years to get tenure and pension and not have to say, well, because I happen to be of childbearing age, I am going to lose out on all those benefits. That money should be looked at, too.

Dr. Zigler talked about the morale problems that he sees, problems with the families that come to him. I do divorce counseling for the courts for Kenosha, and I will tell you that job insecurity causes all kinds of havoc for families and loss of jobs. And this has a lot to do with the people I see who are getting divorced.

Senator DODD. You are not the Mayor of Kenosha as well, are you? You are kind of a one-man band in that town, aren't you? [Laughter.]

Ms. MERRICK. I do feel very strongly about this issue.

Senator DODD. Yes, I gather you do.

Ms. MERRICK. I do think, too, that when you are going to figure the money, you ought to figure the nine categories of employment according to DILHR. We are not talking just about clerical or managerial. We are talking about people in the service occupations, agriculture, foundry, structural, and miscellaneous.

So women are in all nine categories of employment—we need to look at this—and so are the men, and they should have a right to go home, like the one man who testified today, and take care of their wives. We do not have extended families anymore where grandma can come in and take care of the family after the birth of a child. We need our husbands, and our husbands really need to be around the babies. I love the way the changes are coming.

So I would like to conclude by saying that I think this is an extremely important bill; that temporaries are cost-effective, and that when we look at the total cost of this program, we look very hard at the hidden costs.

Thank you.

Senator DODD. Thank you very much. You are very kind to have come this far. I gather you went and saw Senator Proxmire yesterday.

Ms. MERRICK. Oh, yes.

Senator DODD. I heard all about it. I gather you tied him up for a good long time in that office.

Ms. MERRICK. Yes, I did. [Laughter.]

[The prepared statement of Ms. Merrick follows:]

STATEMENT OF CAROL MERRICK

Senator Dodd, Distinguished Committee Members and Guests:

I am Carol Merrick, a graduate of Northeastern Illinois University, with an M.A. in Guidance and Counseling. I reside in Kenosha, Wisconsin. I am an American Board of Vocational Experts Diplomate and a National Certified Counselor.

I feel privileged to have been asked to speak to you about what I perceive as the TOTAL ECONOMIC IMPACT of parental leave. I believe that I am well-qualified to do so because I am able to speak to you from MULTIPLE viewpoints. If I become rather intense in my presentation, it is because, as a woman and the mother of six children, I speak on a first-hand basis about the economic impact of maternity leave on women and their families.

I also speak to you as an independent woman-owned business owner in the private sector, as well as from the standpoints of a professional vocational counselor for DILHR, a WIN job club coordinator, and as a WEOP counselor. I also worked in Chicago as what is politely known as an Account Executive, otherwise referred to in the trade as a "headhunter" in the medical and telecommunication fields. As a psychotherapist, I provide divorce counseling for the courts. Based upon my experience in this area, I do not believe we can possibly discuss any TOTAL ECONOMIC IMPACT of the effects of parental leave unless we take into consideration the effects jobs and job security have on the family. Finally, I feel it is also important to note that I've been experienced in a business for more than thirty years.

I have tested, evaluated and counseled 1,684 JTPA participants in a nine (9) month period in 1984. My experience was that women experienced multiple barriers to employment. But a common denominator was that they left school or jobs because of pregnancy. How then, can we ignore addressing this issue?

What I am going to stress in my presentation today is the idea that employees are the single most IMPORTANT INVESTMENT IN ANY BUSINESS. THE QUESTION THEN BECOMES HOW BEST TO PROTECT THIS INVESTMENT. Employees are our best asset.

FACT SHEET

Employees are the most important assets. I submit that we as a nation can protect our investments by assuring our employees that they will indeed have parental leave for the following reasons:

1. As a business owner, I know that it costs me more to hire and train a new employee than to keep an already trained person on staff. I give seminars as to how to hire employees within government guidelines. As a seminar leader for the Kenosha Chamber of Commerce and the Wisconsin State Bar Association I utilized the U.S. Chamber of Commerce 1984 figures. This shows the costs for hiring, taxes, insurance & benefits for a $200.00 per week employee is $84.54. In other words it really costs over 42% to hire a new employee.

2. Hiring new workers has many hidden costs - advertising, testing, checking references, training and bookkeeping. For this reason Employers are given a $3,000.00 to $6,000.00 tax benefit to encourage them to hire disadvantaged workers (TJTC).

3. As a counselor, I know that couples who experience job disruptions and insecurity often become my divorce clients. The general impression of this bill is that it effects only clerical workers. As an executive recruiter for 30-35k jobs, It costs around $10,000 for the search firm plus 6 weeks of training for a person of this calibur. Hiring a temporary would be more economical than to recruite and replace a "permanent employee".

4. Merrick Temporary Services supplies clerical workers to Kenosha County which saves the taxpayers of Kenosha 40% per worker.

	Secretary		Word Processor
Salary	$22,000.00		$24,000.00
Reg. Benefits 38%	8,360.00		9,120.00
Vacation	847.00		924.0
	$31,207.00		$34,044.00
Temporary Worker Cost			
40 hr/wk - 52 wks	$18,865.00		$19,240.00
Saving (40%)	$12,341.00	(43%)	$14,804.00

Private Industry figures are similar but different to the estimate because the worker benefits are not public knowledge.

5. As a Vocational Expert I have found that providing vocational assessments for attorneys has made it clear that women are not having as many babies as before and that any costs incurred for maternity leave would be much less than forcing them out of the work force and then trying to have them re-trained for updated skills.

6. In court I am often presented with "hypotheticals" and will present some real life examples of "hypothetical" situations for your consideration during my report.

What impact would it have on you if your attorney was in the middle of your case and your next court date was to be in six months. If your attorney needed four months maternity leave and her firm refused to allow her to return to their firm; what impact would this actually have on you? The implication here is that you would have to start all over with another firm. This could be very costly for you and then you might not get the type of attorney you really wanted to represent you.

7. As a DILHR Counselor, my experience indicates that women who leave the work force for any reason, usually return to a job that pays less. Of this scenario, one of the sociological consequences is depression and other problems families encounter. These women do not build up seniority, pensions, and tenure in jobs. The result is that women make up the majority of people livng in poverty. Does this make economic sense? Not to me. Taxes then go up and we pay in yet another way.

8. My training as a psychotherapist lead me to believe that when one woman in an office has been forced to leave a job, the rest of the work force suffers a morale problem. They know that should they become pregnant only women are forced to make a choice between a career and family.

9. When considering maternity benefits we need to update ourselves and consider all 9 categories of employment. According to DILHR, there are 9 categories of jobs.

1.Professional, technical and managerial
2.Clerical and Sales
3.Service Occupations
4.Agriculture, fishery and forestry
5.Processing occupations (foundry, refining)
6.Machine trades
7.Benchwork vocations
8.Structural (construction)
9.Miscellaneous (amusement, TV, packager etc.)

It is my opinion, within a reasonable degree of certainty,that jobs in all 9 of these occupational categories employ women. It is also my opinion that women in the professions are increasing their numbers. (Refer to Women's Bureau: Meeting the Challenges of the 80's, DIHLR 1985 booklet: Expanding Women's Occupational Horizons) Quote: Although, the Nations 50 million working women represent 53.4% of the total labor force, in 1984 they accounted for 16% of all physicians and lawyers and 6% of engineers, 5% of machinists, 3% of mechanics and repairers, and 1% of plumbers". Look at any of the previous statistics and you can see the marked differences. What does this mean to the concept of maternity leave? This means that if women are not taken seriously in the work force, given the right, as do the men, to have a career or job and a family; then we as a nation will suffer greatly. One of the ways that our nation will suffer is by loosing the intelligent young professional women who are just starting on their career paths but because of nature must have their children while they are young and then should not risk losing their jobs.

In conclusion, I believe the best way to protect our investment in employees is by providing a parental leave policy. As an owner of a Temporary Placement firm, I am sure this policy will be cost effective.

Senator DODD. Well, just a few questions for both of you.

I presume SNET has taken a look at the costs. You have had a parental leave policy for ten years now, and obviously, your policy offers a lot more than the bill we are talking about here. So, this may be a difficult question for you to answer—but I would like to get some data on this, if not today then later.

What do you anticipate the parental leave policy has cost SNET? I presume the company has done a cost assessment.

Ms. KARDOS. The only cost assessment we have really looked at, that is really germane to this, is the cost of the medical benefits that we extend during the period, because we are convinced through our studies, that in terms of the productivity issue, we really save. And we probably even save on salaries, because the childcare leaves are unpaid, and generally speaking, we do not replace people; we just sort of make room for them to come back.

So it is the medical, and I am glad you asked that, because I forgot to mention that in my testimony. With the extension of benefits for 4 months—we do it for 6—I estimated that costs SNET about $112,000 a year in medical premiums. With a $40 million medical plan, that is one-quarter of one percent. And if you know anything about the cost of medical, if you can get within 5 percent of your budget predictions, you are doing well. So it is almost a minuscule amount to provide the medical benefits past the point of disability, because most employers will cover the first six to seven weeks while the woman is disabled and the child is recovering.

The other thing is that the family that you are covering for the rest of the leave period—after the mother and child are determined to have recovered—is generally a young, healthy family, and that is a very low risk category.

Now, employers under COBRA have to provide continuation of benefits which the employee pays, so they are going to be in your risk pool anyway. So if you assume the cost of that, I just do not think it is very great.

Senator DODD. Negligible.

Ms. KARDOS. And I think that is about the only cost we are talking about.

Senator DODD. All right. Well, you have heard the National Association of Manufacturers and the Chamber here this morning, and of course, the National Association of Women Business Owners, speak. What do you believe—why are they so opposed to this kind of legislation?

Ms. KARDOS. I think it is the issue of mandated benefits, as they said—not so much the costs, because everyone has said they are so difficult to get a handle on. For me, personally, and not speaking really for my company, I believe as a benefit professional that if we do not mandate it, it will not happen, simply because although we have responded to needs, we have put in medical plans, we have put in life insurance plans and disability plans, somehow, this one keeps alluding us. But the numbers of women in the work force with small children have been around for a long time, and I do not think it is going to happen unless it is mandated. As much as I would like to think that employers would be exerting that moral issue on themselves, I do not think they will do it.

I think there is something special about maternity leave and its association with women that is just set apart.

Senator Dodd. By the way, I should ask you—you have talked about maternity. Have you had any men——

Ms. Kardos. We call them "parental leaves" or "childcare leave".

Senator Dodd. How many men have taken advantage of that?

Ms. Kardos. We have only had three—although I think as we talk more about it, more are becoming interested. It has not caught on yet, but they know it is available.

Senator Dodd. Why?

Ms. Kardos. I think mainly because it is unpaid.

Senator Dodd. Is there any stigma associated with it? Is there something wimpish about a guy who takes off time to take care of his kids?

Ms. Kardos. There might be. That is possible.

Senator Dodd. It would be interesting to do a survey. I would be curious to know if SNET would be willing to survey the men in the company—you have 14,000—and keep it private, without names. I would be curious as to why they would or would not take advantage of a program like this.

Ms. Kardos. I think that is an excellent idea.

Senator Dodd. Ms. Merrick, I do not know if you heard me raise the question with the Chamber about the example they used of the word processor here in Washington, in terms of the disparity between their figures and those in the *past*.

Have you dealt with other people who are involved in granting leave and hiring temps around the country? I am not minimizing the importance of Kenosha, but have you had other experience?

Ms. Merrick. No, I have not.

Senator Dodd. But your experience in Kenosha shows that it is less expensive, in terms of overall costs, to hire temps? Is that what you are saying?

Ms. Merrick. Well, the figures are based on what a temporary plus the agency—I would be less than honest to say that the temporary agencies are not going to make money, because that is what they are in the business for—but what they did not say was how much replacement costs are.

Senator Dodd. What is the fee of the average agency?

Ms. Merrick. It ranges from 30 to 70 percent because it depends upon the level of person you are replacing and how much advertising you have to do. But it goes parallel with the amount that they would have to pay to replace this person. I cannot even imagine why they would not support this bill because it makes economic sense. This is a good investment.

Senator Dodd. I believe you, I believe you.

Ms. Kardos. Senator, I have some information on Connecticut, if you are interested, on the temporary issue versus employees.

Senator Dodd. Oh, good.

Ms. Kardos. I just got this yesterday. For someone who is in that category of a general clerical person with a Wang background, we pay probably around $9 to $10 an hour in our work force, and that would be approaching a maximum salary after they had been at the company for a while. Then you add to that the 38 cents on the dollar that the fellow from NAM was talking about, and you get up around $13 or $14.

Senator **Dodd**. That is a permanent hire.

Ms. **Kardos**. That would be our permanent costs. We contract for labor, temporary labor people at times, and so we have an agreement with a temporary labor agency which gives us a very good deal, and we can get somebody with those kinds of skills for about seven and change to eight and change an hour.

Senator **Dodd**. So about $4 or $5 less.

Ms. **Kardos**. Right. If we did not have the size company we do, if we were a small business and had to do that, it would cost between $12 and $13 an hour, or would be pretty much what we pay.

Senator **Dodd**. So it would be a wash.

Ms. **Kardos**. Yes. That is what we found.

Senator **Dodd**. Unless you make up the difference because you have a special rate on the fee.

Ms. **Kardos**. Right. We have more buying power.

Senator **Dodd**. Well, thank you both very much, and I thank all of the witnesses for being here. We are going to keep the record open in the event that other Senators have questions for you.

I will here include in the record a letter from the U.S. Catholic Conference which deals with the legislation, and is an endorsement of the bill. We thank them for that.

[The letter referred to above and additional material supplied for the record follow:]

UNITED STATES CATHOLIC CONFERENCE

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REVEREND ROBERT N. LYNCH
MR. FRANCIS X. DOYLE, JR.
Associate General Secretaries

February 19, 1987

Dear Senator:

I am writing to ask your consideration for S. 249, the Parental and Medical Leave Act of 1987, introduced by Senators Chris Dodd and Arlen Specter.

The proposed bill would provide some measure of job security to temporarily disabled workers and their families and to the parents of newborn, newly adopted and seriously ill children. The United States is the only developed country in the world that does not guarantee the jobs of new parents and of workers with non-job-related conditions that require leaves of absence.

S. 249 is a modest bill. It would not require employers to pay employees while on disability or parental leave; it would simply protect the jobs and employee benefits of those who are temporarily unable to work or who are needed at home for short periods because of the new arrival or severe illness of a child.

Senate hearings beginning February 19 will permit interested parties to recommend improvements in the bill. As consideration of the bill progresses, the USCC may wish to suggest refinements to the legislation.

The proposed bill is a good first step toward a "pro-family" policy for working people. I hope you will carefully consider the merits of S. 249 and add your name to the list of co-sponsors.

Sincerely,

Daniel F. Hoye

Reverend Monsignor Daniel F. Hoye
General Secretary, NCCB/USCC

DFH:mh

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STATEMENT OF THE RETAIL BAKERS OF AMERICA

Before the

SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS & ALCOHOLISM

and before the

HOUSE COMMITTEE ON EDUCATION AND LABOR

SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS

Regarding S. 249, H.R. 284 and H.R. 925

FAMILY AND MEDICAL LEAVE ACTS OF 1987

February 25, 1987

Submitted by:

Gerard P. Panaro
General Counsel,
RETAIL BAKERS OF AMERICA

WEBSTER, CHAMBERLAIN & BEAN

This statement is submitted on behalf of the Retail Bakers of America by its counsel, Webster, Chamberlain, Bean & McKevitt, in opposition to S. 249, the Parental and Medical Leave Act of 1987, H.R. 284, the Family and Medical Leave Job Security Act of 1987, and H.R. 925, the Family and Medical Leave Act of 1987.

RBA, which is the national trade association of the nation's 32,000 retail bakeries, including independent retail bakeries, in-store supermarket bakeries and specialty bakeries such as cake, muffin and cookie shops, is headquartered in Hyattsville, Maryland. The retail baking industry employs 250,000 individuals and has gross sales of approximately $8 billion a year. Most retail bakeries are family-owned, by husband and wife teams, and employ an average of five to 20 people. The average retail bakery does less than $250,000 a year in business, and the typical sale in a retail bakery is under $2.50. Retail bakeries are quintessential American small businesses.

We object to the following provisions in these bills:

1. Mandatory family leave of 18 weeks (8 weeks in H.R. 284) during any 24 month period.
2. Mandatory temporary medical leave of 26 weeks (13 weeks in H.R. 284) during any 12 month period.
3. Guaranteed restoration to one's former position or an equivalent position.
4. Mandatory maintenance of employee's coverage under group health plan at employer's expense.
5. Creation of a new cause of action for discrimination based on family or medical leave.
6. Creation of a commission to study ways to convert unpaid leave into paid leave.

1 and 2. Mandatory family and medical leaves of 18 and 26 weeks respectively in two and one year periods, respectively.

Philosophically, politically, historically, economically and otherwise, legislating mandatory leave is wrong. Qualitatively, it is totally unlike national labor relations legislation, which does not force employees to join unions or force employers to bargain with unions, but merely seeks to guarantee an absolutely free and uncoerced choice to employees of whether to belong to unions or not. Quantitatively, legislating leave of such lengthy periods: after all, 18 weeks is over four months, one third of a year; 26 weeks is half a year: is totally unlike past and current legislation requiring minimum wages or imposing health and safety standards in the workplace. Indeed, the federal Fair Labor Standards Act does not impose any restrictions on how many hours employees may be required to work, but only imposes minimum hourly rates of pay and minimum formulae for hours worked above a certain maximum in a single workweek.

These parental and medical leave bills, therefore, are totally unprecedented in our legal system.

Supporters of this legislation are fond of pointing out that America is the last industrialized, developed country not to grant such protections to employees. What supporters of this legislation never seem to mention, however, perhaps because they are unaware of it, is this: that whereas in the past six years, America has created millions of new jobs, all the countries of Europe combined have not created nearly as many. Countries such as Britain and West Germany have created only several hundred thousand jobs in the past few years. Moreover, every other economic indicator in America has been at or above historic highs: the lowest inflation rate in 30-some years; the first overhaul of our tax system in fifty years, and the first tax cuts in over 20 years; a stock market which keeps going higher and higher; a recovery that is now one of the very longest and strongest on record.

There is, we submit, a very definite relationship between the stifling employment laws in Europe and the stifling economic conditions in Europe. There is also, we submit, a very definite connection between the vigorous, sustained growth and prosperity of America and our wiser employment law philosophy which permits far greater freedom to individuals and the market.

This legislation, in itself, and especially if it serves as a precedent for more of the same, will take us far down the road to economic mediocrity of Europe.

This legislation will be crippling to small businesses such as retail bakeries, in which every single employee is indispensable and no job is redundant. True, a bakery may employ several salespeople and several bakers; but not one of those people is superfluous: if one salesperson does not come to work; if one baker does not show up, production and sales suffer. To have to do without an employee for up to 18 weeks or 26 weeks would be like cutting off a person´s arm or leg.

It is no answer to say that one can hire temporary help. Our industry is suffering from such an acute shortage of bakers, for example, that the association has launched on a nationwide certification program to find and train good bakers; for years now, we have been working with vocational schools and colleges to establish programs to attract people into retail baking and train them. Thus, if one of a bakery's two or maybe three bakers; or if the bakery's only cake decorator announces that he or she is taking even four (let alone 18!) weeks off for parental leave, the bakery cannot just call up KellyGirls and have a cake decorator or baker out at the shop the next day. It is purely, simply impossible. Nor is the labor shortage confined to good bakers: many bakers in various parts of the country complain that they cannot find any type of employee: from sweepers to washers to delivery people.

Even if it were possible to hire baker and decorator temps, for example, to do so would be quite expensive. Just to hire a receptionist or typist, for example, here in Washington costs $14.00 or $15.00 an hour. Even if we assumed a cost of only $10.00 an hour for a bakery employee, that would be $80.00 a day, or $400.00 a week (assuming the person only worked five days, which is unrealistic: on a weekend, or during a holiday season, the hours would be far longer), or $1600 for four weeks. And all the while, the bakery is incurring the costs of keeping the regular employee on leave on the health plan and paying for whatever other benefits are granted.

Moreover, there is no need for this legislation: the Pregnancy Discrimination Act of 1978 already requires that pregnancy be treated the same as any other disability, and under insurance policies or workers compensation insurance, extended disabilities are already covered. To impose the costs of this legislation on employers, on top of their costs for unemployment insurance taxes and workers compensation taxes, is like punishing an innocent man twice for a crime he never committed in the first place.

3. Guaranteed restoration to former or equivalent position.

For the same reasons as just noted--that every job in a retail bakery is one-of-a-kind, and there are no redundant or superfluous positions--the requirement in these bills to guarantee a person his or her same job upon return from leave will be extremely difficult for retail bakeries to comply with. It is virtually pointless and meaningless to talk about "equivalent" positions in a retail bakery: the bakery may only employ one or two decorators or bakers, for example: so to restore to someone to an "equivalent" position is meaningless. Perhaps the bakery does employ several clean up people or sales clerks, or perhaps drivers, but in these cases as well, the concept of "equivalent" position does not apply: assuming the person cannot come back to his original position, and the bakery has not expanded in the meantime to accommodate one more sweeper, decorator or baker, there is no "equivalent" position the employee could come back to.

Of course, what the drafters or supporters of this legislation may really have in mind when they speak of "equivalent" positions is this: the employer must put the employee back on the payroll at his old salary, regardless of what he does, or whether he does anything: in other words, this provision in the legislation may be nothing more than a subtle or disguised featherbedding rule.

Realistically, what will happen in the retail baking industry if these bills become law is this: if a baker, for example, announces that he or she is going to take six or eight weeks of parental or medical leave, the bakery will have to hire a replacement for that person. This, in turn, is almost certainly going to result in inconvenience and unfairness to both the bakery and the replacement. For what will happen is this: the replacement will have to be fired when the regular employee returns. Knowing this, the replacement is likely to spend his or her time looking for a permanent job, and when one comes up, leave. The bakery will then have to hire a replace the replacement who is replacing the regular employee on leave. Or, the regular employee, after being home for so many weeks, may decide that he or she doesn't want to come to back to work: he or she wants to be a full-time parent (or he or she decides to retire on disability): in that case, the bakery has been paying benefits all along, has perhaps held back from investing further time and training in the replacement, in expectation of the regular employee's return, has perhaps been paying a premium to keep the replacement, and the legitimate plans and expectations of both the employer and the replacement have been frustrated.

Another possibility is that replacement will sue the employer for discrimination! So far as we can see, there is nothing in any of these bills providing that the employer shall have immunity or an absolute defense, from such suits. Such a suit could arise in any number of ways. The easiest to imagine is that the replacement alleges that any disciplinary action taken against him was illegal discrimination. He files a charge, and months or even years after the temporary is gone, the employer is stuck defending itself. Of course, the employer ~~can~~ do what employers usually do in these cases: give in to the legalized blackmail and extortion and buy the employee off for nuisance value.

Another possibility is this: after the replacement is on the job for several weeks, he or she inquires about the possibility of permanent employment. The employer, not being a lawyer and therefore not knowing the significance of oral contracts, statutes of frauds, detrimental reliance, promissory estoppel, and a whole bunch of other theories of liability, simply says: If something opens up, you'll be considered or you'll have first crack. If something doesn't open up, or the replacement is let go before being offered a permanent position, the next thing the employer knows, it could well be served with a complaint alleging wrongful discharge.

4. Mandatory continuation of benefits. We oppose this on the grounds of expense. Again, this is a case of double jeopardy for the employer, which must not only pay benefits for replacement employees, but also for the employee on leave. As noted above, the typical retail bakery (including in-store supermarket bakeries, which may be departments of supermarkets) operates on very thin margins: gross annual sales are quite low, and labor is a very significant expense in

a bakery, averaging between 30 and 40% of expenses.

The bakery stands to lose two ways through this provision in the bill: first, by having to provide benefits to a temporary employee who will be gone perhaps in weeks, perhaps in months; second, by having to provide benefits to a regular employee who is doing absolutely no work and who may never return to his or her former job. It is a fact of life, which proponents of this legislation must admit, that many employees, especially females, who take leave to be with newborns, never return to their former jobs.

Congress must not lose sight of the whole rationale and justification for providing employee benefits: it is to keep the employee. Private enterprise is not in the business of providing social welfare programs, nor should it be: that is government's responsibility and/or charitable organizations'. Companies offer benefits to retain the services and loyalties of employees in whom the company may make substantial investments. If and when you must provide benefits to employees who cannot stay and/or to employees who may not stay, you lose the whole reason for providing any benefits.

And employee benefits these days are extremely expensive. Numerous studies state that employee benefits account for about one-third of employee compensation; thus if an employee is being paid a salary of $21,000, he is really being paid an additional $7,000 in benefits. It is one thing for an employer to justify this level of expenditure on the ground that the costs of turnover, retraining, and recruitment would be even greater than the cost of providing sufficient benefits to make it worth the employee's while to stay; it is quite another thing to justify the high cost of benefits when one knows he or she is going to double those costs, without securing the benefit to the employer of a stable workforce.

Thus, this legislation, if enacted, may actually turn out to be an incentive to businesses to reduce employee benefits.

5. Creation of a new cause of action for discrimination. This may be the worst and most objectionable feature of this legislation. As anyone who has practiced before the EEOC (or its state counterparts) will tell you, handling discrimination claims is a nightmare. Neither the parties, nor their attorneys, have many procedural protections or rights at all: congress has written the statute, and the courts have interpreted it, to grant the commission virtually unlimited discretion. Thus, most attorneys advise their clients to buy complainants off, for the "nuisance value" of the charge, and get on with their businesses. And most clients eventually end up doing that, some later than others.

Thus, to create still another cause of action for discrimination, this time based on a family and medical leave statute, simply adds to the problem. Moreover, this legislation comes on top of the just-enacted immigration law, which itself creates still another cause of action for discrmination based on citizenship status.

As pointed out above, we see nothing in this legislation protecting employers from complaints, charges or suits when they dismiss persons specifically hired to replace a regular employee on leave.

The enforcement scheme created by this legislation presents a dilemma: on the one hand, one could argue that congress would be better off simply to put claims under such legislation under the EEOC's jurisdiction; then parties and attorneys would not have to face the uncertainty of a whole new procedure, and all the case law developed under Title VII could be applied to these cases. On the other hand, given the horrors of EEOC practice, one is inclined to welcome being before an administrative law judge and having all the procedural protections afforded under the Administrative Procedure Act.

In either case, the employer loses: its right to run its own business, which it has founded and built up at considerable risk and expense to itself, is further eroded and denied; the employer's fear of dismissing or disciplining even a bad employee is deepened, because it knows the employee has still more grounds now for complaint; and the cost of doing business goes up, not only for the employer, but for everyone else.

6. Creation of a commission to study ways to convert unpaid leave into paid leave. It takes no genius or prophet to know how such a study is going to come out: the commission will conclude that family and medical leave should or must be compensated, because no one is taking advantage of the law because he or she cannot afford it. The commission will then recommend that leave be paid for by a new tax on employers. Congress will then enact the tax.

This is enough to make one wonder: why go through the charade of a commission?

Sadly, the supporters of this legislation do not seem to be asking: who is going to pay for this legislation? It is not congress or government which produces the wealth in this country: it is business: private enterprise. The only time government seems to recognize this is when business shuts down or leaves, or threatens to do so. Large and small companies, such as Lockheed and Chrysler, are taxed and regulated and criticized virtually to bankruptcy. But as soon as that threat becomes real: as soon as it dawns on everyone that one of these companies might actually die, with the loss of tens of thousands of jobs, local, state and national governments run to the rescue.

It is a simple fact of economics, if not of nature itself, that no one can live, no one can grow, no one can thrive, if no one is producing; if no one is making things and creating wealth. Even St. Paul laid it down as a rule for the early Christians: he who will not work, will not eat. We fear that this legislation, by itself, and in conjunction with all the other laws regulating business and impacting on its ability to produce and prosper, is going to have a very bad effect on the ability of many small retail bakeries to survive and to grow. And it is to these very same small businesses that so many people look and depend for employment and a livelihood; it is to these very same businesses that government itself looks for its own survival, for it is business which pays all the taxes and generates all the revenue in this country.

America cannot remain great and powerful and be the shining city on the hill for very long if it forces private enterprise to pay people for not working, or to pay two people to do the work of one. That is exactly what this legislation is proposing to do, and that is why we do not believe this legislation is good for America and our free enterprise system.

The Retail Bakers of America respectfully urges congress to reject S.249, H.R.284 and H.R.925, the family and medical leave bills of 1987.

Respectfully submitted,

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COMMENTS OF MILTON F. MUNROE
CHAIRMAN, LEGISLATIVE ACTION COMMITTEE
NATIONAL TIRE DEALERS AND RETREADERS ASSOCIATION
Submitted to the
CHILDREN, FAMILY, DRUGS AND ALCOHOLISM SUBCOMMITTEE
of the
LABOR AND HUMAN RESOURCES COMMITTEE
of the
UNITED STATES SENATE
February 19, 1987
PARENTAL AND TEMPORARY MEDICAL LEAVE ACT - S.249

President E.R. BROWN *President Elect* DON PERRY *1st Vice President* JOE DePAOLIS *2nd Vice President* JOHN SHIMER *Treasurer* JERRY BAUER *Corporate Secretary* MARSHALL HAMILTON *Executive Vice President* PHILIP P. FRIEDLANDER, JR.

COMMENTS OF MILTON F. MUNROE
CHAIRMAN, LEGISLATIVE ACTION COMMITTEE
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Submitted to the
CHILDREN, FAMILY, DRUGS AND ALCOHOLISM SUBCOMMITTEE
of the
LABOR AND HUMAN RESOURCES COMMITTEE
of the
UNITED STATES SENATE
February 19, 1987

My name is Milton F. Munroe and I am President of Midwest Wholesale Tire Co. of Mendota, Minnesota and Chairman of the Legislative Action Committee of the National Tire Dealers and Retreaders Association (NTDRA). NTDRA is a national nonprofit trade association representing approximately 5,000 independent tire dealers and retreaders located in all 50 states who are engaged in the wholesale and retail distribution of automobile and truck tires, the retreading of tires, and the sale of automotive aftermarket services and related products.

Mr. Chairman, I appreciate this opportunity to comment on behalf of NTDRA and its membership in opposition to S.249 the Parental and Temporary Medical Leave Act.

Last Fall more than 1800 small business men and women gathered in the nation's capital for the White House Conference on Small Business. NTDRA was privileged to have four of its members in attendance as delegates at the Conference. The number two recommendation of that Conference was for a halt to any more government mandated employer financed employee fringe benefits. By a large majority the delegates at the White House Conference opposed parental and medical leave legislation and NTDRA and its membership share that opposition.

The opposition of NTDRA and others in the small business community to parental and medical leave legislation is not based on an insensitivity to changing conditions in the home and workplace. NTDRA recognizes that inflation, due in part to misguided government policies, has made it necessary for both partners in millions of families to be employed. NTDRA recognizes that this fact of economic life has changed the structure of the family. Sociologists and psychologists will be debating for decades the true impact of these changes. To date there are studies reflecting stikingly disparate conclusions as to the intellectual and psychological development of children in homes where both parents work or homes where there is a working single parent.

NTDRA opposes this legislation for a number of reasons. The first and foremost is that it directly interjects the federal government in an intrusive and unwarranted way into the employer/employee relationship. Wages and benefits have traditionally been established through negotiations between employers and their employees or the unions representing the employees. These negotiations have allowed companies and their workers to mutually develop wage and benefit packages most suited to the needs of the workers and the financial capabilities of the individual company. When Congress assumes the role of knowing best what benefits or combination of wages and benefits are most desirable, it infringes directly on the ability of a worker and his or her employer to mutually design a compensation package of their own choice.

Many in Congress are attracted by the fact that by passing this legislation they will be "giving" employees additional benefits. The fact is that a mandate from Congress does not make a company financially better off. By dictating a specific fringe benefit, Congress may, in effect, be denying workers as large a salary increase as they might otherwise get. If the choice were left to the employer/employee bargaining process the worker and his or her employer might by mutual assent agree to a larger wage increase rather than an expanded leave policy.

By intervening as this bill prescibes into the employer/employee relationship, Congress in effect assumes a role which is now popularly referred to as that of a "Super Union". Unfortunately, where unions and management historically have collectively bargained over wage benefit packages, this new "Super Union" simply dictates, without regard to the wishes of individual workers or the financial capabilities of individual companies. In effect traditional unions seek to achieve by Government fiat what they may have been unable to achieve at the bargaining table. It will be interesting to see if the leadership of organized labor can persuade Congress to mandate the unions' goals when unions are increasingly unable to persuade working men and women to join unions as is clearly reflected by the declining percentage of the work force that is unionized.

Our second major objection to S 249 or any other government mandated benefit is the disproportionate impact it will have on small business. Generally labor costs are a higher percentage of overhead costs for small businesses than they are for larger businesses. By dictating increased labor costs you will reduce the capability of small businesses to compete with larger firms. It is increasingly difficult for small tire dealerships to succeed. Congress spends upwards of $25 billion a year trying to preserve the family farm, then moves hastily on legislation which could threaten the economic viability of small and family owned businesses. NTDRA would implore this committee, in the event that it is determined to overlook the serious undesirable ramifications of this legislation, to at least reexamine the small business exemption contained in this bill. The 15 employee exemption is simply inadequate.

Mr. Chairman, the retail and wholesale tire business is extremely competitive. The average NTDRA member engaged in wholesaling and/or retailing of tires realized a 1.6% net operating profit in 1985 as compared to 2.1% in 1984. The average retreader achieved a net operating profit of .7% in 1985 as compared to 1% in 1984. Net operating profits have generally been in decline during recent years. Additional labor costs will pose a serious impediment to the profitability and perhaps survivability of this association's members.

Advocates of this legislation argue that it will impose virtually no cost on business. We strongly disagree. Simply because this bill provides for unpaid leave does not mean there are no costs involved to business. There are the clear dollar costs of maintaining various insurance benefits for the worker on leave. Secondly, there are the costs involved in finding, hiring and training a replacement worker. The lost productivity, which may be involved in the constant workforce changes which may result from this legislation, are incalculable.

Proponents of this legislation are generally those who claim to be most worried about unemployment levels in America. I would submit to you that this legislation and the overall package of mandated new employee fringe benefits which organized labor has brought to this committee and this Congress could, if implemented, comprise a tremendous employment disincentive. Many American businesses, when faced with a choice of increasing their prices, reducing already shrunken profits, or holding the line on labor costs, will elect to do the latter. They will reduce the size of their workforce or invest in labor saving equipment. The result will be a reduction in employment opportunities, particularly for unskilled workers and young people. Government mandated increases in the cost of labor can only discourage businesses from hiring. It would seem with the budget constraints which Congress is experiencing that the last thing this committee would want to do is approve legislation which could conceivably increase the unemployment level and force Congress to fund increased unemployment and welfare costs.

This committee is no doubt well aware of the fact that the overwhelming majority of new jobs created in this country in the last 6 years have been created by small businesses. Without small business the employment picture in the U.S. would be bleak indeed. And yet I suspect no economists who might be brought before this committee would argue with the premise that this legislation will have its most devastating impact on small businesses.

Mr. Chairman, advocates of this legislation argue that the U.S. is "behind" the "enlightened" economies of Western Europe in terms of parental leave policies. I would hope this committee would not look to the industrialized countries of Europe for an economic model to follow. Statistics indicate that there has been little or no net job creation in the European economies for over a decade and in many instances unemployment is now at double digit levels.

While we are speaking of other economies, it is essential to note that this legislation can only adversely impact the competitiveness of American companies in the world market. Ironically, some of those who claim to want policies that will make American business more competitive, seem to trip over each other in their rush to heap new costs on American business. A trade deficit of $180 billion is cause for alarm. It should be cause for looking for ways to reduce American business costs, not increasing them. There is evidence that a a declining dollar and other factors may be working to improve American trade competitiveness and reduce our nation's trade deficit. There could be no more inopportune time than now for the Congress to impose additional costs on American business.

Mr. Chairman, we urge you not to risk the harm that this legislation can cause to American business and America's working men and women simply to idealistically pursue a solution to a problem that may already be in the process of resolution. American business, in cooperation with its employees, is already moving to effectively address the concerns of working parents. Many firms have already adopted flexible leave policies. Many businesses have already established or soon will establish child care facilities on the business premises. Those businesses which can afford to do so, and those faced with a need to do so in order to attract a motivated productive workforce, will do so.

More and more businesses are offering employees cafeteria style benefit plans. Workers have the freedom to choose which benefits they want without the federal government, at the behest of union bosses, dictating to workers what benefits they need or should want. The market place is dealing with the problem. The market place and the collective bargaining process can and will resolve the issue without the intervention of the Federal government.

And finally, Mr. Chairman, we are concerned as parents that the Federal Government under this legislation intrudes in a landmark way into the parenting process by presuming to dictate that the first 18 weeks after a child is borne or adopted is the most important time for a parent to be at home with a child. We question whether imminent authorities on child rearing would uniformally agree with that notion. More importantly we question whether such decisions are within the proper purview of the federal government. This legislation would appear to be not only an unwarranted intrusion into the employer/employee relationship but also an unwarranted and clearly unjustified intrusion into the decision making role of parents as to what is best for their children and families.

NTDRA would hope that this committee would weigh the serious potential consequences of this legislation against the highly questionnable benefits and conclude that this legislation is not in the interest of America's working men and women, American business or America's families.

Thank you again, Mr. Chairman, for the opportunity to present the views of NTDRA and its members.

Save the dates…
NRMA's 77th ANNUAL CONVENTION & EXPOSITION
Sunday January 10th—Wednesday January 13th, 1988
The New York Hilton & Sheraton Centre Hotels

nrma

National Retail Merchants Association

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TWS—DOMESTIC 710 - 581 - 5380 TPNYK
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STATEMENT
ON BEHALF OF THE
NATIONAL RETAIL MERCHANTS ASSOCIATION
BEFORE THE
SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM
COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE
CONCERNING S. 249
THE PARENTAL AND TEMPORARY MEDICAL LEAVE ACT OF 1987

FEBRUARY 19, 1987

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100 West 31st Street
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This statement is submitted by the National Retail Merchants Association ("NRMA"), in response to the pending legislation entitled the Parental and Medical Leave Act of 1987 (S. 249). NRMA is the largest national trade association representing the general merchandise retail industry. Our 3,700 members operate more than 40,000 leading chain, department, specialty and independent stores across the country. Collectively, NRMA members' current annual sales exceed $150 billion and they employ more than 3 million workers.

While we recognize that this legislation is well-intentioned, it is the view of NRMA's membership that S. 249 would mandate a costly and inflexible employee benefits program which would be unworkable for many of NRMA's members by imposing unnecessary restraints on the proper management of their businesses and the productivity of their employees. Furthermore, over time the legislation is likely to result in reductions of other voluntary employer-paid benefits, such as vacation pay, health and life insurance and retirement benefits.

Many NRMA members already provide and many others are considering instituting parental and disability leave benefits because they recognize such policies are necessary to retain and attract talented employees. However, because of the highly competitive nature of the retail industry, and the very narrow profit margins under which our members operate, voluntary programs which allow individual employers to design systems which will work best for their employees are far preferable to a mandatory, inflexible program, no matter how well-intentioned. Therefore, although NRMA recognizes the value of parental and disability leaves, it opposes legislation mandating such a costly employee benefit where the free marketplace and the give and take of employers and their employees have already established a pattern of voluntarily provided benefits focused on the family.

Proponents of S. 249 have stated that "unpaid" leave costs employers nothing. However, the maintenance of health benefits during periods of leave, lost productivity, training and paying replacements, and retraining employees returning to work after four to six months off represent tremendous costs that virtually all employers would incur, irrespective of size or business circumstances. For example, many start-up or marginal businesses as well as many profitable businesses could not afford such benefits and could potentially fail because of the additional costs. In addition, in the face of paying more benefits for more employees on leave, employers may cut overall benefits or seek greater employee contributions for the benefits offered. Furthermore, the costs associated with continuing health benefits — a voluntary employee benefit — would be incurred with no guarantee that the employee on leave may ever return to work.

Notwithstanding the costs associated with S. 249, the bill as proposed opens up a Pandora's box because of its use of imprecise and frequently ambiguous language which could, inadvertently, result in retailer or other employer liability. Moreover, the legislative language raises the possibility of numerous litigable issues, e.g., what is a "position with equivalent status"? (§ 106(a)(1)(B)); what is and who determines a "serious health condition"? (§ 102 (9). Faced with potential lawsuits related to S. 249, employers will have to obtain additional liability insurance at again increased costs. The legislation also raises the question of how an employer should treat temporary replacements? Should he or she terminate their employment? What if the replacement becomes entitled to leave and reemployment rights under S. 249?

This legislation disregards the need for flexible, creative employee benefits designed to benefit all employees based on business circumstances and individual employee considerations. In a free economy, employers and employees, not

Congress, are best able to fashion flexible benefits structures most suited to their needs.

Setting aside for the moment our opposition to the principle of mandating such costly employee benefits, NRMA objects to many other specific provisions of S. 249. Of these, some of the most troublesome are the following:

1. With its low threshold definition of fifteen employees, S. 249 applies to virtually all employers. (§ 102(4)). NRMA's membership, which includes numerous small retail specialty shops, questions the practicality of mandating 18 weeks of parental leave during any two year period (36 weeks if on reduced leave schedule) and 26 weeks of medical leave during any one year period. As S. 249 is proposed, one employee could, during a two year period, be entitled to 70 weeks of leave. In virtually all small retail establishments, as well as in many larger establishments, it would be impossible to hold a position or its equivalent open for such a period. The benefits provided in S. 249 would be more practical in facilities (not employers) with 100 or more employees.

2. S. 249 fails to set a limit on the total number of employees within a single facility who may be on leave at one time. Such a limitation is absolutely essential to permit the continuation -- and preservation -- of efficient businesses. As presently worded, the legislation creates an especially burdensome situation for smaller business operations.

3. S. 249 grants reemployment rights to all employees after their leave period is exhausted regardless of the employee's status in the organizational structure of the employer. Some employees, such as those exempted from coverage under the Fair Labor Standards Act, frequently are irreplaceable on a temporary basis. S. 249

would require employers to hold these vital positions vacant until such time as the employee returns to work.

4. S. 249 does not require employees to exhaust their existing leaves prior to commencing the mandated parental or medical leave.

5. S. 249 does not even provide for a minimum period of employment prior to taking the leaves mandated by the bill. At the very least, a minimum two-year tenure should be required before an employee is entitled to the leave prescribed in S. 249.

6. S. 249 also does not provide for any minimum hours worked requirement, such as 30 or more hours worked per week, for coverage of part-time employees. (§ 102(3)). For retailing especially, which relies heavily on part time and seasonal workers, this minimum standard is essential.

7. A "reduced leave schedule" is taken at the option of the employee if it does not "disrupt unduly the operations of the employer." We believe some provision should be made to resolve the frequently conflicting needs of an employer and his or her employees because it is the employer who must determine what schedule is required for an efficient business operation.

8. S. 249 would allow a charge to be filed against the employer up to "one year after the last event constituting the alleged violation." (§ 108(b)(3). Other federal employment related statues, such as Title VII of the Civil Rights Act of 1964 and the Age Discrimination in Employment Act, require a charge to be filed within a 180 day period commencing with the date the employee receives notice of the violation. Why should S. 249 extend this period?

9. S. 249 allows an enforcement action to be brought in federal or state court without requiring that administrative remedies be exhausted first. Such a

provision is contrary to existing discrimination laws where claimants are encouraged to resolve conflicts at the administrative level. Moreover, this provision will tend to delay dispute resolution and increase litigation costs for all involved parties.

10. S. 249 provides that employees can receive general or consequential damages (§ 111 (b)(2)). This type of relief which includes damages for emotional distress is not available under any federal employment discrimination law. There is no reason that this legislation should allow for such damages, especially since S. 249 involves family-oriented issues — traditionally areas of extremely high monetary awards.

11. By mandating certain employee benefits upon employers and bargaining unit members, S. 249 would infringe upon the collective bargaining process mandated by the National Labor Relations Act.

Conclusion

In conclusion, therefore, NRMA understands and is sympathetic to the laudable goals of the Parental and Medical Leave Act. However, we urge the Committee to recognize the fundamental differences which exist from industry to industry and from employer to employer and reject any legislation which attempts to mandate a single, inflexible program which disregards the separate character and individuality of American businesses. Businesses, including retailing, have instituted and continue to initiate employee benefits programs (including those which would be mandated by this legislation) specifically tailored to each businesses' employee population because such policies are essential to attract and retain qualified workers.

We strongly urge the Committee to allow the business community to continue to develop and implement its own voluntary programs which reflect each company's individual philosophy and operations and which are best suited to the needs of the company's employees. Therefore, we strongly recommend that the Committee not endorse legislation such as S. 249 which would mandate a single benefits programs for all businesses.

PMAA
PETROLEUM MARKETERS ASSOCIATION OF AMERICA
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February 26, 1987

The Honorable Christopher J. Dodd
Chairman, Subcommittee on Children,
 Family, Drugs, and Alcoholism
Committee on Labor and Human Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Petroleum Marketers Association of America would appreciate your entering this statement into the record in connection with your subcommittee's February 19 hearing on S. 249, the "Parental and Medical Leave Act of 1987."

Background. The Petroleum Marketers Association of America is a federation of 41 state and regional trade associations representing over 10,000 independent petroleum product marketers with over 230,000 employees. Collectively, these marketers sell approximately half of the gasoline and over three quarters of the home heating oils consumed in America today.

S. 249 Provisions. S. 249 would require employers with 15 or more employees to provide a job guarantee and unpaid leave when the following occurs:

- o the birth or adoption of a child or the placement of a foster child (four months);
- o a serious illness of a child, step-child, or legal guardian (four months); and/or
- o a personal illness of a sick or disabled employee (six months).

Among other provisions of S. 249 are:

- o An employer must, despite mitigating economic or business circumstances, return the "leave-taker" to the same or similar job upon return;
- o The legislation establishes a commission designed to recommend legislative means to mandate *paid* leave in the future;
- o Permanent, part-time employees would be eligible for all "leaves";
- o An employer would be required to continue paying for health benefits while an employee takes leave;
- o The term "serious health condition" is loosely and broadly defined so as to invite abuse of the leave "entitlements;" and,
- o Congress has *exempted itself* from these requirements.

PMAA Position. PMAA opposes mandated leave legislation as an unwarranted intrusion by the federal government. Such requirements can be particularly devastating to small businesses. While family and medical leave provisions may be excellent benefits for employers to provide, PMAA believes that such benefits should be a matter of employer discretion rather than federal mandate.

Our average member employs 22 employees and so would not be exempted from the provisions of S. 249. Most of our members own and operate several service stations and/or convenience stores which each have only a handful of employees assigned to them. The prolonged absence of just one employee under such circumstances would represent a significant hardship -- a hardship that would probably result in less service and/or higher cost to consumers resulting from trying to "get by" with fewer employees and/or hiring on a temporary basis additional employees. Even if the exemption were increased, PMAA would still oppose this legislation because we simply do not view this kind of activity as being within the proper role of the federal government.

Finally, S. 249 appears to exempt the Congress from the provisions of this legislation. The audacity of Congress to even suggest such a Congressional exemption is outrageous.

Conclusion. S. 249 and any similar legislation should be rejected by Congress.

PMAA is pleased to have had this opportunity to comment on S. 249. If we can be any further assistance, please let us know.

Sincerely,

Phillip R. Chisholm

Phillip R. Chisholm
Executive Vice President

PRC:ld
cc: Sen. Strom Thurmond,
Ranking Minority Member

S. 249

THE PARENTAL AND MEDICAL LEAVE ACT OF 1987

Statement of the

AMERICAN SUBCONTRACTORS ASSOCIATION

to the

SUBCOMMITTEE ON CHILDREN, FAMILIES, DRUGS & ALCOHOLISM
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

February 20, 1987

AMERICAN SUBCONTRACTORS ASSOCIATION 1004 DUKE STREET, ALEXANDRIA, VA 22314-3512
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THE PARENTAL AND MEDICAL LEAVE ACT OF 1987

The American Subcontractors Association is a national trade association with more than 6,500 members representing all major construction trades in 55 chapters. In addition to its individual company members, ASA represents 17 other specialty trade associations with members of their own.

ASA is the only national organization that speaks exclusively for the interests of construction subcontractors, regardless of their trade specialty or labor practices. ASA is dedicated to improving general business conditions for subcontractors through unified and cooperative actions.

The majority of the firms that ASA represents are family-owned operations, and the average number of employees in these firms is 30. The construction industry is unique in that it requires a transient work force, lengthy training periods and subcontractor scheduling. Because of their position within the construction industry, subcontractors have developed an excellent record of providing individualized, tailored benefits for their employees.

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While no one in the construction industry would dispute the fact that parental leave is an excellent employee benefit and should be provided whenever it is feasibly possible, the imposition of a federally-mandated parental leave policy that encompasses all businesses without regard to the specific needs of a particular industry would not only be unworkable but also potentially devastating to small businesses.

The Issue:

This legislation requires all employers of fifteen or more people to grant up to eighteen weeks of unpaid leave over a two-year period to parents after the birth or adoption of a child or for the serious illness of a dependent. It also grants up to 26 weeks of additional leave for the employee's own illness, during which time all health benefits shall be maintained. An employee need only be with the firm for three months before he or she is eligible for this benefit.

Upon the return of the employee, the employer must reinstate the employee in the same or a comparable position. In addition, it also makes provisions for a commission to be set up to study the impact of paid parental leave.

Impact on the Construction Industry:

ASA believes that the impact of federally-mandated parental leave on small businesses and the construction subcontractor in particular could indeed be devastating. Since this legislation covers all firms with fifteen or more employees, the overwhelming majority of subcontracting firms would be covered. Subcontractors work on a contractual basis for a certain length of time, and, in this time period each skilled employee is needed for a certain portion of the job at hand. Construction is a highly skilled and technical industry which requires highly trained and competent men and women.

If, for example, the firm in question has twenty employees and two employees decide to take advantage of this leave at the same time, the firm has lost 10% of its work force. Putting it more into perspective, the firm may be working on a six-month project and has just lost 10% of its work force for an unspecified period of time. These two employees may have only been with the firm for three months, the length of employment required to be eligible for this benefit, and they now need to be replaced in order to complete this project on time and within budget. The employer must now take the time to find the qualified people to fill these positions and are also only willing to work for the four months the other employees will be gone. During this time, the employer must also maintain all health benefits for the absent employees.

Is it realistic to assume that a small business, such as a subcontracting firm, is going to be able to cope with the added financial burden of training and paying temporary employees in addition to completing a six-month project on time? It is not uncommon to have two employees absent at the same time, and, in this case, a subcontractor may not be able to complete the project at hand, thereby not fulfilling his contractual obligations. It is also very possible that the subcontractor in question may have to turn down other work because he or she does not have the available manpower to complete the project.

This hypothetical case is only one of a variety of different scenarios that could develop with this type of mandated policy. Because of the working conditions within the construction industry, individualized benefits are tailored to the specific firm and the specific employee. If such a mandated policy were to be implemented, many benefits would most likely be eliminated in order to pay for the parental leave policy. Indeed, the "benefits pie" would not be growing; it would merely be rearranged or may actually shrink.

In an industry where a large portion of the work force is young and unmarried, this policy may not be of use to them for some time to come, but they may have lost out on other benefits that may have been offered, be it vision, dental, etc. In addition, this benefit will be imposed without regard to any existing collective-bargaining agreements that the firm may be operating under.

ASA and other construction industry associations have been accused of being far too upset over a policy that will not impact a male-dominated industry very severely. Aside from this being simply untrue, the construction industry has taken great strides in recent years to attract more and more qualified women into its work force. Women are, in fact, becoming quite prevalent in areas such as carpentry, in addition to making up the majority of construction support staff. There is a great deal of fear that the inroads that women have made into this industry will be stifled because of latent discriminatory hiring practices that may occur due to this legislation.

In an era where "competitiveness" is the catch-phrase of the day, this legislation will no doubt only hamper U.S. efforts to become more competitive in world markets. The overall impact of mandated benefits is lower domestic productivity, increased overhead costs, and added inflationary pressures. To maintain an economy as buoyant and robust as ours has been over recent years, it does not make sense to anchor it down with federally-mandated policies that will not benefit as many as the proponents think it will.

It also makes little sense to put the overwhelming burden of this policy on the shoulders of small business. Anyone can tell you that staring a small business is difficult enough, and that making it a success is even more difficult. Small business has been the backbone of American industry throughout our history. It does not need any more obstacles than it already has. Indeed, there is so much concern over what this policy could do to small business that opposition to parental leave and other mandated benefits was the number two priority of the 1986 White House Conference on Small Business.

Misleading Arguments by the Proponents:

Proponents of this legislation have a few very broad-based but essentially flawed arguments. They have asserted that a national parental leave policy is necessary to accommodate socio-economic changes in the work force such as the increase in working mothers and two-career families. This policy is to be implemented in addition to present maternity leave policies. This additional leave is necessary, according to proponents, in order to give both the mother and the father time to "bond" with the child in order to establish a closer relationship. Psychologists have deemed the bonding process as being psychologically healthy for the child, but not one so-called child psychology expert has stated that this additional time spent with the child will make the adult a better parent. It would seem rather obvious that the bonding process is inherent in the relationship between parent and child regardless of the specific amount of time spent together. If a parent has the desire to establish that type of relationship with a child, it does not seem logical that Congress should be the one to tell him or her how long is necessary to establish a close relationship. A caring and concerned parent does not need coaching from the federal government on how to become a better parent. Family values should be left to just that--the family.

It has also been pointed out numerous times that the United States is only one of four industrialized countries that does not provide this type benefit to its citizens. In almost all of the countries, this type of benefit is strictly maternity leave for a much shorter period of time than the eighteen weeks in this bill, usually it is up to six weeks in the other countries. When put into this perspective it does not seem that the United States is as backward as proponents of this legislation would make us out to be. Is the bonding process shorter for other countries than it is for us? In most of the cases, especially in European countries, this type of benefit is subsidized by the government so that the full burden of it does not fall on the private sector. Is the United States ready to take on a similar role? In this current state of deficits and cutbacks, it would be safe to assume the answer would be "no."

It should also be noted that in European countries where this type of benefit is available, the job creation level has been zero and unemployment among women has been rising at a steady pace. America's success in generating jobs over the past decade is due in part to the growth of the private sector without government interference. Implementing such a social welfare program in other countries may be acceptable to some, but do we want such a burdensome program inflicted on our economy?

Proponents also argue that this bill will allow the economically disadvantaged to take time off from their jobs without fear of reprisals from their employers. It must be remembered that this bill mandates unpaid leave only. It is unrealistic to think that the an economically disadvantaged person will be able to afford to take eighteen weeks away from his or her job in order to bond with a child. If this is the case, then who does this legislation really benefit? It would be safe to assume that the only people who would be financially secure enough to take this leave would be two-income, upwardly- mobile couples. This could be why several people have dubbed this legislation "the yuppie bill." In order to correct this, proponents have openly stated that their eventual goal is paid parental leave, but they have recognized that the only way to achieve that goal is to start with unpaid leave.

Summary:

The American Subcontractors Association is not opposed to the concept of parental and medical leave. Indeed, it is strongly recommended to our members to offer such benefits whenever it is economically feasible, but to be forced to do so by the federal government will only add to the already tremendous hurdles that small businesses face.

The intrusion of Congress into how the subcontractor should run his family operation should be stopped when it ventures to tell a subcontractor that this is a policy that will make us all better parents. What is worse is that Congress assumes that this is a policy that can be applied evenly to the largest Fortune 500 company and to the 15-employee subcontractor firm. It is a highly unrealistic and presumptuous assumption to make.

This legislation does not meet the needs of workers who have traditionally chosen their own benefit packages in the past, and it will manage to halt the current trend in the private sector towards individualized employee benefits. The bill will not benefit the people it is designed for, and it will hurt an inordinate number of small businessmen who do our economy a great service by providing jobs for a large portion of the population. Therefore, ASA's board of directors has voted unanimously to oppose S. 249 and other federally-mandated benefits. ASA urges Congress to defeat this and similar legislation that may come before the 100th Congress.

AARP NEWS

For further inquiry contact: American Association of Retired Persons • Public Relations
1909 K Street N.W. Washington DC 20049 • (202) 728-4300

FOR IMMEDIATE RELEASE
February 3, 1987

CONTACT: Michele Pollak
(202) 728-4729

AARP ENDORSES BILL TO PROTECT CAREGIVERS

WASHINGTON, D.C. -- The critical need for job protection for persons who care for ill or newborn family members will be addressed by legislation endorsed today by the American Association of Retired Persons (AARP).

The Family and Medical Leave Act of 1987 is sponsored in the House by Reps. Patricia Schroeder (D-Colo.) and William Clay (D-Mo.). Its Senate counterpart (S. 249) was introduced by Sen. Christopher Dodd (D-Conn.).

"If passed, this legislation would guarantee to working people a period of unpaid leave to care for a parent, a newborn or ill child or one's own medical disability," said Helen McDonald, a member of AARP's Board of Directors, at a Capitol Hill press conference. "AARP supports the Family and Medical Leave Act because it frees caregivers from the threat of job loss resulting from voluntary service to their families."

According to the volunteer leader, AARP endorses the legislation because it would help millions of mid-life and older working women who take responsibility for the care of family members. For many, the hours devoted to caring for an ill parent are equivalent to holding a second full-time job.

"Women often must leave the labor force for a period of time with no guarantee of getting their jobs back," McDonald said. "The long-term result is substantially less retirement income than men. Frequent breaks in employment, the resulting job loss and the fact that midlife women face age and sex discrimination when looking for jobs make it harder for women to earn a pension or adequate Social Security."

The Family and Medical Leave Act would permit an employee to take up to 18 weeks of unpaid leave over two years to care for an ill child or parent, or 26 weeks out of one year to treat one's own disability. The employee would continue to be covered by health benefits during such leave, and would not lose seniority or pension benefits.

With more than 24 million members nationwide, the American Association of Retired Persons is the nation's largest organization of Americans age 50 and older. Nearly 7 million of its members work full or part time; more than half of those workers are women.

# # # #

National Association of Home Builders
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James M. Fischer, Jr.
1987 President

March 5, 1987

The Honorable Christopher J. Dodd
Chairman
Subcommittee on Children, Family,
Drugs and Alcoholism
Committee on Labor and Human Resources
U.S. Senate
639 Hart Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

The National Association of Home Builders (NAHB), a trade association representing more than 146,000 members, is pleased to submit a statement for the hearing record concerning S.249, the Parental and Medical Leave Act of 1987. While this legislation appears to be well-intended, NAHB believes it will place an overwhelming burden on small businesses. Thus, NAHB opposes this bill, which would establish a national policy on job leave for child or parental care that mandates its use by private sector employees.

Mr. Chairman, NAHB appreciates the interest the Subcommittee has shown in holding hearings this year in addition to the ones held by the House of Representatives last year, since there are some very serious problems with this legislation that need to be studied. Not only will this legislation set a dangerous precedent of federal involvement in the business community, but a congressionally mandated policy may actually harm the employees it is intended to benefit. Employers will be economically forced to reduce their health insurance coverage and other fringe benefits to minimize the costs of this "benefit."

In the construction industry employers would be particularly hard hit by such a "benefit" requirement due to the transient nature of the workforce. It is possible that a builder would not even have a project in progress at a time when he would be required to provide a job for a former construction worker who took family or medical leave. We believe that any industry with a seasonal workforce or intermittent employment, such as the construction industry, should be exempt from such federally mandated requirements.

Page 2
The Honorable Christopher Dodd
March 5, 1987

A reasonable alternative to S.249 is to educate and encourage companies to provide similar leave benefit packages as proposed in this legislation. By doing this, businesses, especially small business employers, would be given the opportunity to gradually adjust their leave benefit packages without creating an economic and administrative nightmare.

Mr. Chairman, NAHB appreciates the opportunity to submit this statement for the hearing record, and urges the Subcommittee to consider these comments when making a final determination on this unnecessary and burdensome legislation.

Sincerely,

James M. Fischer, Jr.

James M. Fischer, Jr.
President

Concerned Women for America
122 "C" ST. NW, SUITE 800 WASHINGTON, D.C. 20001 (202) 628-3014

Beverly LaHaye
President

Written Statement

of

Elizabeth Kepley, Director of Legislative Affairs

Concerned Women for America

on

The Parental and Temporary Medical Leave Act of 1987

S. 249

before

The Subcommittee on Children, Family, Drugs and
Alcoholism

The Committee on Labor and Human Resources
United States Senate

February 23, 1987

"Protecting the rights of the family through prayer and action"

Mr. Chairman, I appreciate the opportunity to submit written testimony for the hearings regarding S. 249, the Parental and Temporary Medical Leave Act of 1987. I represent the national organization of Concerned Women for America with over 573,000 members across the country.

Our purpose is to preserve, protect, and promote traditional values through education, legal defense, legislative programs and related activities. Our membership is comprised of professional women, housewives, and college students, many of whom at one time or another have worked in America's marketplace. We have major concerns regarding a federal mandate on a parental leave policy.

First, we believe that the issue of Parental Leave is a worthy one and must be addressed. It will affect both married and single women. As more women face the decision of entering the workforce or staying at home, the relationships within the roles of parenting, the family unit as a whole, and the business world will become more closely intertwined. We wish to see viable, creative solutions implemented to meet the needs of both the housewife and the working woman and to strengthen the roles of the parent, the child, and the employer.

Concerned Women for America advocates the strengthening of the family unit, but we believe that responsible parenting can not be federally mandated. It is the personal responsibility of parents to fulfill this duty. The original intent of the proposed legislation was to encourage parents to bond with their newborn infants, but the actual effects of the legislation are quite different. Parent-child bonding occurs at the onset of the infant's life; yet the bill allows parents to take their leave anytime within two years of the birth.

Studies recognize the importance of maternal-child relationships, of bonding and subsequent attachment. However, a child's separation from its parents after only eighteen weeks of intimate bonding can actually be a traumatic, counterproductive experience.

In his 1969 study entitled Attachment and Loss, the preeminent psychiatrist Dr. John Bowlby writes: "The responses of protest, despair, and detachment that typically occur when a young child aged over six months is separated from his mother and in the care of strangers are due mainly to 'loss of maternal care at this highly dependent, highly vulnerable stage of development.'"

The bill will not prevent maternal deprivation nor will it provide the necessary time for the bonding process to occur. Maternal deprivation is a general term used to describe a child living at home who is deprived of his mother's loving care. According to Dr. Bowlby, the relationship between mother and child takes three years to mature.

Secondly, we are concerned that parental leave legislation will hurt the traditional and the poor family. The latest U.S.

Census Bureau statistics reports that the median income for families with the wife at home is $23,562. It is $34,560 for families with both parents in the labor force. The redistributive effects caused by possible passage of this legislation are regressive. Due to mandated benefits, the employee benefit package will favor those families that can afford to take the unpaid leave. It will be detrimental for those families who cannot afford to take the leave. They will pay for a federally mandated benefit that they can not use and lose other more beneficial benefit packages.

We believe that S. 249 will hurt the economic potential of women. In countries where there are liberal parental leave policies, there is also a very high rate of unemployment among women of childbearing age from ages 20 to 34. For example, the policy in Denmark mandates 18 weeks of parental leave, 90% of which is paid. 2.2% of Denmark's women from the ages of 20 to 34 are unemployed. In Italy, the policy provides five months with an option for an extra six months of parental leave. There is a 4% unemployment rate among Italian women. Compare these figures with the 1.2% unemployment rate of American women. (U.S. Department of Labor, 1983)

Finally, the ramifications of this legislation will hurt the women which it is trying to help -- those women, married and single, who wish to progress in the workplace. Although discrimination is against the law in America, we believe that mandated parental leave policies will discourage businesses from hiring women of child-bearing age. Companies know that women are far more likely to take parental leave than men.

How will this mandated policy effect single women? or women who are members of the two-person family unit comprised of a husband and wife? It will result in those women and men who have no need of a parental leave policy paying for the child care of their fellow employees. There is an old adage which says that one must rob from Peter to pay Paul. These employees will have fewer or smaller benefit packages offered to them as employers struggle to cover the cost for parental leave.

In conclusion, businesses must be encouraged in their search for creative solutions to providing parental leave policies that will meet the differing variety of employee needs. Women have acheived so much in our recent history thanks to our vibrant free enterprise system. It would be tragic if passage of mandatory parental leave stunts these advances.

Women's Legal Defense Fund
2000 P Street, N.W. • Suite 400 • Washington, D.C. 20036 • 202/887-0364

News

FOR IMMEDIATE RELEASE
March 5, 1987

CONTACT: Ann Pauley
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WOMEN'S LEGAL RIGHTS GROUP TESTIFIES BEFORE CONGRESS: FAMILY LEAVE BILL WOULD BENEFIT ENTIRE FAMILY

"The Family and Medical Leave Act would be an essential first step toward meeting the needs and realities of American families today," testified Donna Lenhoff before Congress today. Lenhoff, whose remarks were made to members of the House Subcommittees on Labor-Management Relations and Labor Standards, is Associate Director of the Women's Legal Defense Fund and chair of a broad coalition of women's, civil rights, disability rights, children's advocacy, health and trade union organizations that endorse the bill.

This country's "social structures and most particularly our employment policies continue to operate as if women's role is to stay home for the family and men's role is to work outside the home for a paycheck," Lenhoff said. "Unlike most countries, we have not accommodated our institutions to the simple reality that all employees, male and female, have family as well as employment responsibilities. Yet such accommodation is necessary if workers -- especially women workers-- are to be able to exercise their right to equal employment and at the same time preserve their family lives."

The Family and Medical Leave Act, H.R. 925, introduced by Representatives Patricia Schroeder (D-CO) and William Clay, (D-CO), would provide job-guaranteed unpaid leave to employees with newborn or newly adopted children, with children or parents who have serious health conditions, and to employees who are unable to work as a result of their own serious health conditions.

(OVER)

The bill has more than 80 co-sponsors, and has been endorsed by more than 50 national membership organizations, including the U.S. Catholic Conference, American Association of Retired Persons, American Academy of Pediatrics, AFL-CIO, Association of Junior Leagues, Disability Rights Education and Defense Fund and virtually every major women's organization in the country. Hearings have already been held on a companion bill in the Senate, S. 249.

Noting that the dual burden of work and family responsibilities falls on women more than men, Lenhoff pointed out that working mothers suffer the consequences of the lack of workplace accommodation of family responsibilities most severely.

Lenhoff added, however, that working mothers are not the only ones to suffer: "Working fathers find themselves risking their jobs if they must take off time for family responsibilities... Children of course suffer whenever either of their parents is too pressured by work and financial considerations to spend necessary time with them," a problem that is particulary acute at such critical times as when a child has just been born or adopted, or when a child has a serious health condition.

Inadequate job security policies do the most harm to families, Lenhoff testified, when breadwinners lose their jobs because they are unable to work due to a serious health condition. "The immediate financial loss caused when one breadwinner loses his or her job can bankrupt a family that relies on two incomes," she noted, adding that the situation is even worse in a single-parent or single-income home.

Companies suffer from the lack of policies such as the Family and Medical Leave Act, Lenhoff continued, through lost productivity and low morale when their employees are struggling to fulfill their work and family responsibilities without sufficient support. A growing number of companies have found that the implementation of such leave policies is cost-effective.

The Women's Legal Defense Fund, an early and strong advocate of the Family and Medical Leave Act, is a nonprofit, national membership organization dedicated to securing the legal rights of women in two critical areas of their lives--employment and family.

# # #

American Association of University Women

2401 Virginia Avenue, NW, Washington, DC 20037
(202) 785-7700

POSITION PAPER

FAMILY LEAVE

The American Association of University Women (AAUW) is fully committed to working toward the establishment of a national family leave policy. AAUW believes that mothers and fathers deserve the right to take a period of leave from their jobs to participate in the early care of newborn or newly adopted children, or to care for a child or an elderly dependent with a serious health problem. This policy inherently supports AAUW's historic commitment to principles and policies that promote the economic well-being of all persons and ensure protection against discrimination.

AAUW believes a national family leave policy is crucial to address effectively the needs of working parents, especially working mothers. Family leave policies will contribute to the protection and stability of the American family and can be worked toward and implemented at all levels of government.

Dramatic changes in the work force and in American families in the last decade have increased the urgency of the need for a national family leave policy. The traditional family of two children, working father, and homemaker mother now constitutes only 7 percent of all American families. The federal government estimates that by the year 2025, Americans who are over 65 years of age will make up 40 percent of the dependent care population.

Women, who usually take primary responsibility for dependents, are caught in the squeeze of being expected to care for two generations simultaneously. Statistics show that women are the primary care-givers for their aging family members. According to a study released in August by the Public Health Service's National Center for Health Service Research, 2.2 million Americans--72 percent of whom are women--were providing care for 1.6 million seriously impaired individuals over the age of 65. The study found that 44 percent of the care-giving daughters were employed outside the home, and that 14 percent of the wives and 11 percent of the daughters resigned their jobs to become full-time care-givers. One-third of both the daughters and wives rearranged their work schedules to accommodate the needs of their relatives, and one quarter reduced their number of hours of paid employment.

Fifty-two million women worked in the paid work force in 1986, an increase of 178 percent since 1950. Eighty percent of working women are likely to become pregnant during their working lives, and over half of these women are back at work within a year after

(over)

childbirth. Over half of the 45.6 million children in two-parent families have both parents in the work force, and the majority of mothers in these families work because of economic need. Yet current federal labor policies force parents to choose between their families and their jobs.

The work place must respond to these changes and accommodate the needs of the American family. Developing a national family leave policy is a necessary step toward helping families find a healthier balance between work and family responsibilities.

Seventy-five countries, including many developing nations and every industrialized country EXCEPT the United States, provide some period of job-protected maternity leave with some amount of wage replacement. Most countries provide a benefit equal to 100 percent of wages. In contrast, America's patchwork of personnel policies, union contracts, and state laws leaves most workers without job protection if they take family leave.

Despite the increasing number of company-sponsored family leave policies, at least 60 percent of women employed by large companies (those with more than 500 employees) lack paid maternity-related benefits that would permit a six-week leave—the minimum recuperation period prescribed by obstetricians.

Also, almost a third of all American workers are employed by companies with fewer than 25 employees, with women workers constituting 43 percent of this segment of the work force. While such small companies create the largest percentage of new jobs, they are the least likely to provide adequate employee benefits.

The United States is in the midst of a demographic revolution that is altering the work force, as well as the American family. Family leave legislation is a positive and practical response to this revolution and the important social and economic realities behind it.

AAUW PUBLIC POLICY DEPARTMENT JANUARY 1987

STATEMENT
OF THE
AMERICAN RENTAL ASSOCIATION
ON THE
PARENTAL AND MEDICAL LEAVE ACT OF 1987
S.249

The American Rental Association ("ARA") is a national trade association, comprised of over 4,000 independent member firms engaged in the business of renting diverse items of equipment and other personal property to the public. Our national headquarters is located in the ARA Building at 1900 19th Street, Moline, Illinois 61265. ARA is in its 31st year of operation, and is the sole organization representing the industry of equipment rentals on a national basis.

ARA member firms rent a wide variety of equipment and personal property, including such lines as homeowner items; party supplies and equipment; construction machinery and equipment; vehicles and other mobile equipment; medical equipment and devices; and exercise and recreational equipment.

In 1976, the United States Department of Commerce estimated the equipment rental industry to include 10,000 equipment rental outlets in the United States.[1/] That number is considerably

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[1/] See Equipment Leasing and Rental Industries: Trade and Prospects, U.S. Department of Commerce, December 1976.

greater than in 1986. These firms are primarily small business firms usually comprised of at least 4-6 employees. S.249 would interfere greatly with the flexibility employers need to tailor employee benefits to their own needs and capabilities, to bargain collectively, and to accommodate individual circumstances.

Specifically, small businesses would have to hire temporary help to replace the pregnant or disabled employee on leave. Enormous difficulty and cost would attend the finding and training of temporary, transitory employees for periods of 18 and 26 weeks. Also, there are few qualified individuals willing to accept and train for positions of such short duration. Even the marginal, temporary/part-time replacement employee, would in turn, be entitled, under the bill, to his/her own 18 or 26 weeks leave -- and on and on. Theoretically, there could be literally dozens of mandated leave periods of 18 and 26 weeks resulting from one initial pregnancy or disability leave.

Such federally mandated leave could be readily abused by the regular employee, who after 18 or 26 weeks of leave (in effect an option period) decides that he/she does not care to return to work (i.e. exercise his/her option) after all. The employer, having followed Congress' mandate would have left the position open, only to be severely prejudiced.

Parental and disability leave are merely two of many employee benefits. The specific terms of employment in each case should be decided directly by the employee and employer and the State has no right whatsoever to interfere in this private matter between private parties.

For these reasons, the American Rental Association urges you to oppose S.249.

S.249 is an ill-conceived proposal which would be prohibitively expensive for small employers. With the advent of a special Commission, with a mission to recommend **paid leave**, the proposed legislation becomes unconscionable.

C85/023

NATIONAL ASSOCIATION OF LETTER CARRIERS
AFL-CIO

VINCENT R. SOMBROTTO
PRESIDENT

100 INDIANA AVENUE, N.W.
WASHINGTON, D.C. 20001
202/393-4695

TESTIMONY

OF

PRESIDENT VINCENT R. SOMBROTTO

OF THE

NATIONAL ASSOCIATION OF LETTER CARRIERS

BEFORE THE

SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS

AND THE

SUBCOMMITTEE ON CIVIL SERVICE

ON

PARENTAL AND TEMPORARY MEDICAL LEAVE ACT

February 23, 1987

CONGRESSIONAL TESTIMONY

Mr. Chairman. Thank you for holding hearings on S. 249, the Parental and Temporary Medical Leave Act. The National Association of Letter Carriers (NALC), which represents more than 290,000 active and retired city letter carriers, would like to address -- and support -- the section of the bill which deals with parental leave. It is a problem for letter carriers and was a bargaining issue in our contract negotiations.

The parental leave portion of S. 249 would allow employees 18 administrative work weeks of parental leave during a 24 month period upon the birth or adoption or serious health condition of a child. The employee using parental leave would be entitled to return to the same position held prior to the absence.

This is a fundamentally sound change in policy. We are a country which prides ourselves on being "pro-family," yet we are woefully behind most other industrialized countries in parental leave, a basic necessity for parents and children. Almost all other industrialized countries -- and many developing countries -- established paid leave as a national policy. Yet the United States has no such policy.

The "average" American family -- and the average letter carrier's family -- no longer is the "Father Knows Best" image of a working father and housewife mother. A majority of women are now part of the work force. In 1984, 48 percent of all women with children under one year old were in the labor force. The majority of new families have two working parents. Two incomes are not a luxury but a necessity. There are numerous single-parent heads of households. Fathers are becoming more involved with raising children. These are some of the realities of American life in the 1980's. Unfortunately, the laws governing parental leave have not changed with the changing family structure in American society; they are relevant to an earlier period in American history.

Policy in the U.S. Postal Service (USPS) should reflect the latest demographic changes. However, the parental leave policy is a good example of a poorly planned, out-dated approach to parental leave. The mother of a newborn is allowed to use sick and annual leave (if she wants to maintain her income), or she can take a limited amount of leave without pay. In the case of paternal or adopting parents, the individual can use annual leave or leave without pay. The length of time is determined by a consultation between the individual, the private doctor and the USPS, which employs doctors. There is no standard practice, only individual determination. Thus, two individuals with similar circumstances can get different determinations. Such a policy puts the cart before the horse. While it is important to base determinations on individual needs, those decisions should flow from standardized procedures.

The NALC is convinced that both the needs of the Postal Service and letter carriers can be accommodated by a fair parental leave policy. Some private corporations already have parental leave policies which work to the advantage of both employer and employee. The current situation forces individuals to pit job security against family needs, often resulting in family tragedy. We would like to work toward a situation where the USPS and letter carriers can balance both factors.

Employees are asking for the right to raise a family. The fulfillment of that desire will benefit society as a whole because parental leave is a healthy investment in the future of our country -- namely, our children. Parental leave provides a direct benefit to society by helping to reduce physical and mental problems for father, mother and child. It also will raise employee morale.

The government should catch up to private sector leaders in this area; some large and small private corporations have already had resounding success with parental leave.

Thank you, Mr. Chairman. If you have any further questions, I will answer them.

NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS

STATEMENT OF

LOUIS H.T. DEHMLOW

CHAIRMAN OF THE BOARD

NATIONAL ASSOCIATION OF
WHOLESALER-DISTRIBUTORS

BEFORE THE

SENATE LABOR COMMITTEE

SUBCOMMITTEE OF CHILDREN, FAMILY,

DRUGS AND ALCOHOLISM

ON

THE PARENTAL AND MEDICAL LEAVE ACT OF 1987,

S. 249

FEBRUARY 19, 1987

naw

1725 K Street, N.W. • Washington, D.C. 20006 • 202/872-0885

I. INTRODUCTION

My name is Louis Dehmlow and I am President of the Great Lakes Terminal and Transport Company in Chicago, Illinois. My company is a distributor of chemical products operating in 25 states and employing 180 people.

I am also Chairman of the Board of the National Association of Wholesaler-Distributors and it is in that capacity that I appear today.

II. THE NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS AND THE WHOLESALE DISTRIBUTION INDUSTRY

The National Association of Wholesaler-Distributors is a federation of 124 national (list attached) and 50 state and regional trade associations, as well as 6,000 individual wholesale distribution companies. All told, NAW's membership collectively includes some 45,000 companies and 150,000 places of business across the country.

NAW's membership ranges from very small to very large businesses and is responsible for over 60 percent of the $1.4 trillion of merchandise which flows through wholesale channels annually. NAW members also employ a comparable percentage, or 3 million, of the 5 million Americans who work in the wholesale distribution trade.

III. NAW AND ITS MEMBERS HAVE A SUBSTANTIAL INTEREST IN MANDATED BENEFIT LEGISLATION

Wholesale distribution businesses are labor-intensive and employee wages and benefits constitute a significant portion of a wholesaler-distributor's cost of doing business. As a result, individual wholesale distribution businesses and the National Association of Wholesaler-Distributors on behalf of its members, have an on-going and substantial interest in any federal legislation which would mandate the benefit package provided by employers to their employees.

Given its substantial interest in any legislation mandating employee benefits, NAW co-founded the Concerned Alliance of Responsible Employers (CARE). NAW also serves as Executive Secretariat of CARE, which was formed in December, 1986 by major trade associations and corporations actively seeking to preserve the rights of employers and employees to determine which benefits are best suited to their individual and mutual needs.

CARE's growing membership currently is comprised of approximately 140 corporate and trade association members which directly represent the manufacturing and service sectors, wholesaler-distributors, the food and restaurant industry, personnel administrators and hundreds of thousands of small, mid-size, and large firms across the country.

For its part, the National Association of Wholesaler-Distributors is unalterably opposed to the Parental and Medical Leave Act of 1987 for reasons, grounded in policy and practicality, which are detailed below.

IV. BOTH POLICY AND PRACTICAL CONSIDERATIONS SUGGEST THAT THE PARENTAL AND MEDICAL LEAVE ACT WOULD MAKE BAD LAW

A. The Act Would Preempt Employer Flexibility in Tailoring Appropriate Benefit Packages

The Parental and Medical Leave Act of 1987, S. 249, cosponsored by Senators Christopher Dodd (D-CT) and Arlen Specter (R-PA), requires that all firms employing 15 or more people provide; among other things:

- o 18 weeks unpaid parental leave within any 24-month period for the birth or adoption of a child;

- 18 weeks unpaid leave for the care of an ill child;
- 26 weeks unpaid medical leave within any 12 month period;
- continuation of health insurance during the leave-takers absence; and
- restoration of the employee to the same or a comparable position upon his or her return.

The bill also establishes a commission to recommend legislation for mandatory paid leave in the future.

Wholesaler-distributors, like other businesses, already offer a variety of employee benefits. The types and feasibility of such benefits differ for each employer based on a variety of factors such as the type of industry, size and skill of the workforce, individual workforce needs, competing standards in the industry and the ability to assume costs.

For example, my own company provides all of its employees:

- Medical Insurance -- 100% of hospitalization coverage and 80% of a doctor's care. The 20% paid by the employee for care by a doctor does not exceed $700.00. The coverage for my employees is paid for entirely by my company.

- Short-term Disability -- My company pays a stipend of up to $225 per week for 13 weeks to those employees who are unable to work as a result of a short-term disability. We also have a long-term disability program for those disabled for 6 months or longer.

- Sick Leave -- My company's sick leave policy permits employees to "bank" their unused sick days to be used in full in the event of a long-term illness or maternity situation. In addition, we provide six weeks unpaid maternity leave. Therefore, an employee who must take time for childbirth and who has accrued five weeks sick leave would be entitled to those five weeks at full salary and an additional six weeks unpaid maternity leave.

- Other benefits -- My company also provides dental insurance, life insurance, and paid vacations, as well as a profit sharing and retirement plan.

  This benefit package costs the company 22 percent of wages for each employee. Hence, an employee who earns $30,000 a year, receives an additional $6,600 worth of benefits.

Not one of the benefits described above has been provided as a result of a federal or state law or regulation. My company, and others in our industry, provide such benefits because it makes sound business sense for us to do so.

As a manager, I have decided to offer these benefits in response to the needs of my own employees. The Parental and Medical Leave Act, if enacted, would preempt my right and ability, as well as that of other employers, to do so. In short, it would undermine our capacity to efficiently manage our businesses.

In doing so, it ignores that all businesses are not alike and that all employees' do not have identical needs. The framework of employee benefits policy has always been flexibility. Yet, this legislation robs the current structure of a large measure of flexibility.

B. Mandated Parental Leave Fails to Address to Demographic Changes in the Workforce

As noted above, the kinds of benefits employers offer have resulted from management decisions based on employee needs and, critically, other marketplace factors. These needs have evolved in accordance with the demography of the workforce.

As more workers with family responsibilities have entered the workforce, many companies have implemented programs designed to assist workers in meeting their dual work-family responsibilities.

Among such programs are (1) alternative work schedules including flextime, voluntarily reduced workweeks, job-sharing and part-time employment; (2) child and dependent care programs such as on-site or near-site day care, day care subsidies and child care vouchers; (3) employee assistance programs; (4) flexible benefit plans, cafeteria-style benefit plans which allow workers to choose those benefits most suited to their particular needs; (5) family leave policies; and (6) information and referral programs.

However, the nation's workforce is an aging one. The post-war baby boom generation, which constitutes the major sector of our population, may, in a relatively short period of time, no longer require these types of benefits at current levels to assist them in meeting family responsibilities. In other words, prevalent needs of today's workforce are likely to change dramatically and employers will want to -- and should -- respond to those needs on an evolving basis.

When a benefit -- like parental leave -- is statutorily mandated, the ability to respond on an evolving basis is circumscribed. Congress can, of course, weigh in later and change the law. The question then becomes whether Congress, as a matter of fact, and relative efficiency, is the party best able to make such decisions. NAW submits that the answer is a resounding "No."

C. S. 249 Would Inflict Additional, Unnecessary Paperwork and Administrative Burdens

S. 249 requires that parental leave be scheduled so as not to "disrupt unduly" the operations of the employer. An employee's interpretation of what constitutes undue disruption may differ dramatically from the employer's interpretation.

Employers who fail to comply with the requirements of the Act would be subject to administrative and judicial action. In order to protect themselves from these actions, employers would be required to keep detailed records of their business activities and their employees' role in those activities.

Moreover, employers would be faced with an increase in their legal fees, not only for defense against possible judicial actions, but for advice on how to comply with the requirements of the law.

D. Specific Impact of Mandated Leave on Wholesaler-Distributors

A critical component of the wholesale distribution industry is its transportation department. For example, the Great Lakes Terminal and Transport Company employs a division of truck drivers who transport chemicals from the warehouses to a variety of locations throughout the country. Our truck drivers are well-trained and heavily insured since they are responsible for delivery of chemicals which, placed in the wrong hands, would be hazardous to the public health.

Replacement of those truck drivers with temporary employees for 18 or 26 weeks would not only jeopardize the efficient delivery of inventory, but the public health as well.

Another crucial element of a wholesaler-distributors' operation is its salesforce. My own salespeople undergo a six-month training period before assuming full responsibility for their jobs. An extended leave period would have a serious effect on the productivity of a sales operation, which is the bread-and-butter of a wholesaler-distributor.

Many wholesaler-distributors operate several branches as distribution centers. S. 249 makes no differentiation between a total workforce of 15 employees and a branch of 15 employees. Therefore, a wholesale distribution company employing a total workforce of over 15 employees in branches operated by only a few would be subject to the bill's requirements. This would have a devastating effect on the overall operations of the company if a small distribution center faced an absence of several employees.

E. Mandated Benefits Would Impair U.S. Competitiveness

Given the current debate over the ability of American companies to compete with those of our trading partners, mention needs to be made of this bill's impact on domestic business. Common sense suggests that a company becomes less profitable and, thus, less competitive when its costs rise. S. 249 would undoubtedly add to the costs of doing business in this country, thereby further jeopardizing our nation's competitive stature.

In short, inflicting additional costs onto American businesses runs completely counter to uplifting America's competitiveness.

V. CONCLUSION

Flexibility is the key to the success of private employers' benefits policy. It is essential that this flexibility remain in the future so that employers can continue to respond to the changing needs of their workforce.

Mandated benefits are not the answer. Requirements such as those contained in S. 249 will only increase the cost of doing business, reduce U.S. productivity and further jeopardize our nation's competitiveness posture.

National Wholesaler-Distributor Organizations Affiliated with the National Association of Wholesaler-Distributors

Air-conditioning & Refrigeration Wholesalers
American Jewelry Marketing Association
American Machine Tool Distributors Association
American Supply Association
American Traffic Safety Services Association, Inc.
American Veterinary Distributors Association
Appliance Parts Distributors Association, Inc.
Associated Equipment Distributors
Association of Footwear Distributors
Association of Steel Distributors
Association of the Wall and Ceiling Industries-International
Automotive Service Industry Association
Aviation Distributors & Manufacturers Association

Bearing Specialists Association
Beauty & Barber Supply Institute, Inc.
Bicycle Wholesale Distributors Association, Inc.
Biscuit & Cracker Distributors Association

Ceramic Tile Distributors Association
Copper & Brass Servicenter Association
Council for Periodical Distributors Association
Council of Wholesale-Distributors
  National Kitchen & Bath Association

Door & Hardware Institute

Electrical-Electronics Materials Distributors Assn.
Explosive Distributors Association, Inc.

Farm Equipment Wholesalers Association
Fire Suppression Systems Association
Fluid Power Distributors Association, Inc.
Food Industries Suppliers Association
Foodservice Equipment Distributors Association

General Merchandise Distributors Council

Health Industry Distributors Association
Hobby Industry Association of America

Independent Medical Distributors Association
Institutional & Service Textile Distributors
  Association, Inc.
International Sanitary Supply Association
Irrigation Association
International Truck Parts Association
Jewelry Industry Distributors Association

Machinery Dealers National Association
Material Handling Equipment Distributors Association
Monument Builders of North America-Wholesale Div.
Motorcycle Industry Council
Music Distributors Association

National-American Wholesale Grocers' Association
National Appliance Parts Suppliers Association
National Association for Hose &
  Accessories Distributors
National Association of Aluminum Distributors
National Association of Chemical Distributors
National Association of Container Distributors
National Association of Decorative Fabric Distributors
National Association of Electrical Distributors
National Association of Fire Equipment Distributors
National Association of Floor Covering Distributors
National Association of Manufacturing Opticians
National Association of Marine Services, Inc.
National Association of Meat Purveyors
National Association of Plastics Distributors
National Association of Service Merchandising
National Association of Sporting Goods Wholesalers
National Association of Textile & Apparel Distributors
National Association of Tobacco Distributors
National Association of Writing Instrument Distributors
National Beer Wholesalers Association
National Building Material Distributors Association
National Business Forms Association
National Candy Wholesalers Association
National Commercial Refrigeration Sales Association
National Electronic Distributors Association
National Fastener Distributors Association
National Food Distributors Association
National Frozen Food Association
National Grocers Association
National Independent Poultry and Food Distributors Association
National Industrial Belting Association
National Industrial Glove Distributors Association
National Lawn & Garden Distributors Association
National Locksmith Suppliers Association
National Marine Distributors Association
National Paint Distributors, Inc.
National Paper Trade Association, Inc.
National Plastercraft Association
National Sash & Door Jobbers Association
National School Supply & Equipment Association
National Solid Wastes Management Association
National & Southern Industrial Distributors Associations
National Spa and Pool Institute
National Truck Equipment Association
National Welding Supply Association
National Wheel & Rim Association
National Wholesale Druggists' Association
National Wholesale Furniture Association
National Wholesale Hardware Association
North American Heating & Airconditioning Wholesalers
North American Wholesale Lumber Association, Inc.

Optical Laboratories Association
Outdoor Power Equipment Distributors Association

Pet Industry Distributors Association
Petroleum Equipment Institute
Petroleum Marketers Association of America
Power Transmission Distributors Association, Inc.

Safety Equipment Distributors Association, Inc.
Scaffold Industry Association
Security Equipment Industry Association
Shoe Service Institute of America
Specialty Tools & Fasteners Distributors Association.
Spring Service Association
Steel Service Center Institute

Textile Care Allied Trades Association
Toy Wholesalers' Association of America

United Pesticide Formulators & Distributors Association

Video Software Dealers Association

Wallcovering Distributors Association
Warehouse Distributors Association for
  Leisure & Mobile Products
Water and Sewer Distributors Association
Wholesale Florists & Florist Suppliers of America
Wholesale Stationers' Association, Inc.
Wine & Spirits Wholesalers of America, Inc.
Woodworking Machinery Importers Association
Woodworking Machinery Distributors Association

NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS
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STATEMENT

of the

AMERICAN FEDERATION OF STATE, COUNTY AND
MUNICIPAL EMPLOYEES

presented to the

LABOR AND HUMAN RESOURCES SUBCOMMITTEE ON
CHILDREN, FAMILY, DRUGS AND ALCOHOLISM
UNITED STATES SENATE

on

S.249

THE "PARENTAL AND MEDICAL LEAVE ACT OF 1987

February 19, 1987

in the public service

The American Federation of State, County and Municipal Employees (AFSCME), a labor union representing over one million public employees nationwide, takes this opportunity to endorse S.249, the "Parental and Medical Leave Act of 1987". The legislation entitles employees up to 18 weeks of unpaid parental leave upon the birth, adoption or serious health condition of a child and provides up to 26 weeks of temporary medical leave in cases involving the inability to work because of a serious condition. The legislation also establishes a commission to study ways of providing salary replacement of employees who take such leave.

While S.249 benefits men and women alike, it is particularly advantageous to women who comprise a growing percentage of the work force. Today, women make up almost half of the labor force. Moreover, of those women who work about 60 percent have children, 80 percent are of child-bearing age and 93 percent of these are likely to become pregnant at some point in their careers. In families where both parents are present, 89 percent are two-career families. Twenty percent of children currently live in single-parent households headed by women, but 50 percent of all children will spend some part of their childhood in a single-parent family. Despite this change in the American workplace, employers have been reluctant to adjust leave policies to address the changing demography of the workforce.

This legislation is necessary to fill gaps in previously passed anti-discrimination laws. The Pregnancy Discrimination Act (PDA) of 1978 requires that firms providing short-term disability or sickness benefits, replacing all or part of pay while individuals are out on leave, and also assuring them job protection at that time, must also cover women at the time of pregnancy and childbirth. However, the PDA did not require that employers provide job protection or disability insurance if none previously existed. The "Parental and Medical Leave Act of 1987" establishes reasonable periods of time during which employees could take leave for medical reasons, early child rearing and to care for seriously ill children, without the risk of termination or retaliation by the employer.

The major impetus behind S.249 is child development experts who base their advocacy on research findings about newborns and their families. In 1984, two distinguished panels fully endorsed the concept of parental leave as an idea whose time has come. The Yale Bush Center Advisory Committee on Infant Care Leave concluded that the infant care leave program in the United States was so large and urgent that "immediate national action" is required! The Center recommended minimum child-care leaves of six months with 75 percent pay for half that time. In January 1986, another panel, the Family Policy Panel of the Economic Policy Council (EPC) of the United Nations Association of the United States of America concluded that "maternal and parental leaves and benefits, child care services, equal employment opportunity and pay equity, maternal and child health care, and increased workplace flexibility are important components of a cohesive family policy." Following the two-year study the EPC made the following recommendations.

1. That employers should guarantee women at least six weeks of job-protected maternity leave with partial income placement and should consider providing unpaid parental leave for six months to all parent workers.

2. That employers and unions allow greater flexibility in the workplace (scheduling of work hours and leave time), and

3. That a phased-in return to work, and/or part-time employment should become options available to new mothers and to all working parents with young children at home.

The Council indicates that these policies represent a sound investment in human capital -- our greatest resource -- and are essential to promoting the continued vitality of our national economy and our nation's families.

The January 13, 1987 Supreme Court decision in California Savings and Loan Association v. Guerra has given heightened impetus to the national effort to enact parental and medical leave legislation. The Court found that the California law granting job protected maternity leave for up to four months to temporarily disabled pregnant workers does not conflict with the Pregnancy Discrimination Act amendments to Title VII of the Civil Rights Act.

Currently, the United States is the only major industrialized nation without a national policy on parental or maternity leave. More than 100 countries around the world have some national legislation which assures working women, and in some instances, working parents some time off at the time of childbirth and early parenting and protects them in terms of job security. There is also a growing trend to include a disability component as well as the parenting component. However, in America only five states, California, Hawaii, New Jersey, New York, and Rhode Island have some type of temporary disability insurance laws requiring employers to cover their workers against the risk of non-work related disabilities and maternity related disabilities. Additionally, we would also support an effort to include the care of elderly sick parents.

AFSCME has been working to ensure the rights of women workers by advocating pay equity, helping women move out of dead end jobs, fighting sexual harassment, meeting child care needs and developing leadership skills. AFSCME has negotiated maternity, paternity and family responsibility leave provisions in many contracts. We realize that women make up a growing proportion of the workforce, and recognize that the growing number of female single heads of households are faced with growing economic concerns as well as the threat of losing their job in the event of illness.

AFSCME urges the Congress to pass S.249, the "Parental and Medical Leave Act of 1987". The legislation represents another positive step toward sound labor and family policy, and equality of the sexes in the workforce.

STATEMENT BY

NICHOLAS A. VERREOS, CPIA

PRESIDENT

NATIONAL ASSOCIATION OF PROFESSIONAL INSURANCE AGENTS

CONCERNING

PARENTAL & DISABILITY LEAVE

SUBMITTED TO THE

SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS & ALCOHOLISM

COMMITTEE ON LABOR & HUMAN RELATIONS

U.S. HOUSE OF REPRESENTATIVES

February 19, 1987

The following statement is submitted by the National Association of Professional Insurance Agents (PIA National) for inclusion in the hearing record of the Subcommittee on Children, Family, Drugs and Alcoholism, Senate Committee on Labor and Human Resources, on February 19, 1987, on S. 249, legislation requiring employers to grant unpaid leave for serious personal illness, childbirth, adoption or the serious illness of a child or parent.

PIA National is a non-profit trade association representing more than 42,000 independent property and casualty insurance agents and brokers in all 50 states, the District of Columbia, Puerto Rico, Guam and the U.S. Virgin Islands.

The goal of S. 249 is an admirable one, and there is widespread recognition among employers for the need for programs to meet these needs wherever possible.

The federal government's mandate on basic needs like health, life, disability and Workers Compensation insurance is good public policy. These employer-provided benefits are essential for the financial security for millions of American workers.

PIA believes that providing tax incentives that make benefit plans attractive to employers and employees help further the laudable public policy goal of increasing the private sector's self-reliance and of decreasing dependence by our citizens on federal programs.

PIA recognizes the concerns of the proponents of S. 249 to ease the strain on American families since the majority of both husband and wife work. We applaud the bill's sponsors' commitment to the improvement of services for children and families. Social policy decisions have to be clarified; the most appropriate need to be resolved.

A recent member survey reveals that a typical PIA member employs 9.4 full-time employees. This is a significant increase. The average before was 5 employees. While one would think that most of our members will not be affected by S. 249, which would exempt businesses with less than 15 employees, we will suffer consequences if this legislation is enacted.

Due to present economic conditions and insurance company production requirements, the agency cluster concept is enjoying a rebirth. Some believe that clustering and franchising operations may make a difference in agency survival. An agency cluster is defined as a grouping of agencies for the purpose of consolidating expenses or joining in marketing schemes while maintaining independent identities. While no none can say what effect clustering will have in the marketplace, S. 249 will affect many small and medium-sized agencies which are struggling to survive and possibly excel.

Employers only have so many dollars to expend on employee benefits. While parental and disability leaves are worthy benefits, mandating them does not increase the employee benefits "pie." They merely divide those "employer benefit dollars" into slimmer pieces in a manner dictated by one or more special interests.

According to the U.S. Chamber of Commerce 1985 Employee Benefits Survey, employee benefits pie accounted for 37.7% of all payroll costs in 1985, up from 18.7% in 1981. Health and life insurance, disability payments accounted for 34%; legally mandated benefits such as workers compensation at 25%; vacation and sick leave at 25%, and 16% miscellaneous. Therefore, if Congress decides unilaterally to mandate the provisions of S. 249, then something else will be cut or terminated to make up the cost. We would imagine that dental, vision, family coverage, day-care, or disability coverage would be prime victims.

PIA believes this proposed law might have very surprising net effects which hurt the very people it is intended to help . . . especially women in child-bearing years and those such as the over 50 worker who might be expected to have greater illness. The provision of S. 249 to guarantee reemployment of a leave-taker to the same or similar position is crippling. It either forces an employer to leave a key position floundering and unmanned . . . or stifles the opportunity of someone to move up and prove themselves . . . or it buries both the leave-taker and the employer in a bitter court battle over what constitutes a "similar" position. None of those are desirable social goals. S. 249 would turn benefits that are currently discretionary into "entitlements" subject to litigation -- at a time when we are facing a lawsuit and liability crisis.

PIA believes that employers and employees, not Congress, are best able to determine wage, benefits and policies most suitable to their individual and mutual needs. The federal government is ill-equipped to respond to the diverse and rapidly changing demands of today's work force. As the demographics of our labor force changes, employers must modify their benefits and policies to attract and retain good employees.

Many businesses, including PIA, have responded to the dramatic change in composition of our work force. Today, there are more single-parent families and two-wage earner households. This came about not necessarily by choice, but due to economic needs. To balance the demands of family and workplace, many employers have voluntarily provided maternity leave and childcare support. Furthermore, how many employees can afford to be on leave for four months without pay?

Expanded mandated coverage, such as parental leave or disability leave will stifle a trend toward flexible benefits -- whereby employers offer a variety of benefits from which employees choose. There are some employers providing these benefits which are more generous than those offered by the proposed legislation.

Finally, PIA is somewhat confused with the goals of S. 249. Although proponents call for unpaid leave now, their ultimate objective is paid leave. We are concerned with the vulnerability for both employers and employees to share the costs of providing parental and disability leave. We have noticed the increasing number of participatory employer-provided programs. Employees, including Federal Government employees, are now asked to share the costs of their coverages. Congress, in the past, had attempted to tax employee benefits. Accepting mandatory unpaid leave today would open the door to paid leave tomorrow with serious tax/cost implications.

Expansion of the particular employee benefits of S. 249 may cover perceived gaps in protection, but in the long run can create other more fundamental gaps. If employers are faced with the prospect of health care coverage for the extended leave, they will offer either less generous health plans or higher co-payments and deductibles. In the extreme, they might offer no health care coverage. Other employee benefits for all workers may be curtailed to keep overall compensation costs affordable. Employers may only allow other benefits including pension to allow for only a brief portion of this proposed leave. Currently, the federal government itself considers any leave beyond that which an employee has occurred as a break.

There are direct and consequential costs to small businessowners. Extended leave period is hard to cope with. Currently, they are accommodated by employers switching around work load, job sharing, hiring temporary help and/or having the affected employee work at home, on weekends, or part-time. Lost productivity and the expense of replacement workers add up to significant employer expenses. Also, the insurance agency business is a specialized field. There is not an abundance or pool of readily-available replacement workers unlike some clerical jobs. The proposed legislation would mandate employers to treat their options with equal force. Employees morale will also suffer as a result of added pressure on the work environment.

STATEMENT OF
THE WOMEN'S BAR ASSOCIATION OF THE DISTRICT OF COLUMBIA
ON
THE PARENTAL AND TEMPORARY MEDICAL LEAVE ACT OF 1987, S.249
BEFORE
THE COMMITTEE ON LABOR AND HUMAN RESOURCES
OF
THE UNITED STATES SENATE

February 19, 1987

The Women's Bar Association of the District of Columbia ("WBA") strongly supports the passage of the Parental and Temporary Medical Leave Act of 1987. WBA is an organization dedicated to the betterment of women professionally, socially and economically. Its membership includes over 1700 attorneys located in the District of Columbia, Virginia and Maryland.

WBA has a long history of sensitivity to the issues of professional women who strive to combine careers and children and has provided programs and support groups to address these concerns. WBA's Working Mothers' Forum offers practical assistance as well as emotional and psychological support to its members (*i.e.*, a child care network and information on part time and alternative work schedules for attorneys with children). In addition, WBA has conducted a maternity leave and part-time work survey of area law firms to assist its members in making employment decisions by informing them of the variety and scope of plans available. The WBA recognizes that the success and advancement of women attorneys may be seriously and adversely affected by their dual responsibilities at home and at work. Thus, one important goal of the organization is to create more sensitivity in the legal profession to the needs of attorneys who are attempting to raise families.

In view of this goal, WBA actively supports legislative efforts of the United States Congress to enact a national policy which provides for job security for an employee who takes medical leave or parental leave upon the birth, adoption or serious illness of a child. WBA also supports a national policy which would include paid leave and more generous leave than that presently provided in S.249. Finally, our organization has resolved to provide additional active support for local initiatives and legislation which provide for parental and medical leave.

The adverse impact on professional women of having to juggle career and family is devastating. Too often women are forced to either forego having families or to compromise their career advancement during their child bearing years. While approximately 90 percent of women have children by age 40, less than 50 percent of professional women have children by age 40.[1] Studies also show that women who take time off to have and care for children inevitably fail to "catch up" financially with their male counter-parts. The career compromises made to have children are often never fully reversible. A 1983 study of 71 women in the Harvard Law School Class of 1974 found that roughly equal percentages of men and women began their careers in private practice. However, by 1983, 51 percent of the men were law firm partners while only 23 percent of the women were. The study found that the demands of family life were the most common reason women left high powered legal professions and that most could not stay on career fast tracks and meet family responsibilities.[2] This situation is not solely a personal tragedy, but a professional and a societal one as well. The legal profession is in danger of experiencing a "brain drain" as it loses many talented and well-trained attorneys. We view any measures designed to support these women in their dual endeavors as a benefit not only to the legal profession but to the society as well.

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[1] Fortune, July 11, 1983, page 58; Wall Street Journal, February 11, 1982; Male/Female Careers: MBA's A Decade Into Careers by Marianne Devanna; Basia Hellwig "The Breakthrough Generation: 73 Women Ready to Run Corporate America", Working Woman, April, 1985, pages 98-146.

[2] Gill Abramson and Barbara Franklin, "Are Women Catching Up?", American Lawyer, May, 1983.

WBA takes the position that the provision of leave for the birth, adoption or serious illness of a child through the passage of S.249 and similar measures is intrinsically involved in the advancement of women professionally and economically. We, therefore, enthusiastically and wholeheartedly support the passage of this legislation.

The Women's Bar Association of the District of Columbia

BY: Bettina M. Lawton.
Bettina M. Lawton, President

American Academy of Pediatrics

STATEMENT

ON

THE FAMILY AND MEDICAL LEAVE ACT

PRESENTED BY

THE AMERICAN ACADEMY OF PEDIATRICS

Office of Government Liaison
1331 Pennsylvania Avenue, N.W.
Suite 721 North
Washington, D.C. 20004-1703
202-662-7460 / 800-336-5475

The American Academy of Pediatrics, an international organization representing more than 30,000 pediatricians specializing in the care of infants, children, adolescents and young people, has an active commitment to improving the health status of these patients and enhancing the quality of family life. We support, in principle, efforts to promote job security for working families by allowing parents to be with their children at critical parenting times.

The Academy recognizes the first few months of life as a significant period of growth and development for both the infant and the new parents. Infants are particularly vulnerable during this time, and require the active involvement of both parents in the nurturing process. The parenting skills that are acquired during this period are essential in the formation of a healthy parent-child relationship. Adoptive children and their parents also require several months to form physical as well as psychological attachments.

Another time when a child's physical and emotional well-being heavily depends on parental participation is during a serious illness. Children have increased dependency needs when they are sick, and require the unique warmth and security only their parents can offer. Allowing parents the option to care for and comfort their seriously ill child is sound pediatric practice.

Changes are occurring in the work force that have a major impact on families. As women enter the work force in increasing numbers, more and more infants are being born into homes where both parents work. A new addition to the family precipitates changes to which the family must adapt. During this period of adjustment, parents develop skills that enhance optimal physical and emotional growth of their child. Once parents and babies establish a solid attachment to each other, a smoother transition back to work is possible, and increased job satisfaction is likely. However, too few work places provide what we would consider adequate flexibility to allow workers to carry out their parenting responsibilities.

The stability and economic well-being of both families and employers are vitally important to our society. It is time to address the changing face of American work and family life with reasonable solutions that recognize the value of families while balancing the needs of employers.

We understand that the introduction of a national leave policy might require restructuring benefit packages and changing operational procedures. Nonetheless, the health, growth and development of American families warrant these efforts. With the input and cooperation of employees and employers representing a broad range of business interests, the goal of establishing a national parental leave policy can be achieved.

The importance of parental involvement in a child's development cannot be overestimated. As pediatricians and child developmental specialists, we support these efforts on behalf of children. We compliment Senator Dodd and Senator Specter on their efforts to design practical solutions to work/family issues that respect both employers and employees. Two-working parent families, as well as single parents who must work, are a constituency whose needs are still to be addressed. The demands of job and home must be balanced if we are to have excellent workers and competent parents.

Parents can work and have healthy families with our help. The need for stronger families in our society has been well documented. Let us begin to take steps to achieve this goal.

American
Independent
Business
Network

February 23, 1987

Marsha Renwanz, L. A.
Senator Christopher Dodd
324 Hart Senate Office Bldg.
Washington, D. C. 20510

Dear Marsha:

Enclosed please find a letter to Senator Dodd which outlines the AIBN's view of S. 249, the Parental and Medical Leave Act of 1987. We would appreciate your including the letter in the hearing record.

As you will find, the AIBN is not opposed to the basic purpose behind the bill, at least as we understand it. We agree that a leave period is appropriate under certain circumstances, but think that it must be limited in its coverage of individuals and in the length of the leave period. We hope that the final bill will be a much more limited measure which does not hurt small business.

I believe that our approach to this issue is a moderate one because we can get past the issue of mandating the benefits and on to discuss the details of how various leave proposals will affect small business. Of course, our bottom line is that a broad leave benefit simply cannot be afforded by small business.

If I can be of assistance in any way involving your investigative hearings (either in the field or in Washington), please let me know. I have testified previously on a number of occasions, and am a member of the National Advisory Committee to the Senate Small Business Committee.

Thank you for your consideration of our contribution to the leave debate.

Sincerely,

Bill Nourse
President

Enclosure

25 Lindsley Avenue, Suite 210 • Nashville, Tennessee 37210 • (615) 256-2266

American
Independent
Business
Network

February 21, 1987

Honorable Christopher Dodd
United States Senate
324 Hart Senate Office Bldg.
Washington, D. C. 20510

Dear Mr. Chairman:

Now under consideration in your Labor and Human Resources Subcommittee on Children, Family, Drugs, and Alcoholism is the Parental and Medical Leave Act of 1987, S. 249, which you introduced early in the 100th Congress. As you know, the bill requires all employers of 15 employees or more to grant 18 weeks of unpaid parental leave within any two-year period to both male and female employees upon the birth, adoption, or serious illness of a child to that employee; grant 26 weeks of unpaid disability leave within any one-year period due to an employee's serious health condition; guarantee the employee re-employment in the same or similar position after the leave; and continue the employee's health benefits during leave. The bill also provides for a study group in the Senate to recommend ways to make the unpaid leave benefit a PAID benefit in the future.

First, let me say that the AIBN recognizes that maternity leave for women must be protected. A woman's privilege to return to her former employer after childbirth should not be open to question. Furthermore, employees with certain temporary disabilities or serious illnesses should not be denied a similar privilege. However, S. 249 goes far beyond these protections and is unacceptable to the independent and small business community.

Simply stated, this bill--without substantial modifications--is a threat to independent and small businesses. Philosophically it is problemmatic because it mandates that employers must provide these benefits as a right to each employee even though the leave benefit has long been a commonplace privilege in the business community. But even beyond this philosophical problem, S. 249 will exact a significant price from our economic strength derived from the nation's small and independent businesses.

On an economic basis, S. 249 will harm businesses because of its financial costs to them. This is because the leave benefit is

25 Lindsley Avenue, Suite 210 • Nashville, Tennessee 37210 • (615) 256-2266

too broad--covering a too many possible circumstances--and the leave periods are too long. With employees on leave, employers will have to hire "temporary" workers, spending extra time and money to train them while providing them with health and leave benefits (required under the bill). This investment in temporary employees can easily cost $15.00 or more per hour, per employee, depending upon the employer's wage and benefits package. This is in addition to the continuing benefits paid for the employee(s) on leave. Most important, upon the return of the employee(s) on leave, the investment in the temporary employee(s) is a total loss for most employers. And so it is important to keep in mind that, the broader the scope and length of the leave benefit, the greater the cost to the employer. A broad bill cannot be afforded by small business.

S. 249 is harmful to small and independent businesses. I will briefly list some of the realistic problems this bill will cause.

1) S. 249 presents an "unknown" cost to each employer because it is not possible to know which or how many employees will utilize the benefits or for how long.

2) Firms could see several employees using the benefit simultaneously (there are so many situations covered in the bill), thereby posing a particularly harmful financial burden to smaller businesses.

3) S. 249 will be a disincentive for businesses to expand and create new jobs because they will want to remain under the employee threshold in the bill and hedge against the unknown costs.

4) New employee's wages and benefits will suffer directly as employers add into their wage and benefit packages the potential cost of the leave benefit.

5) S. 249 provides a broad benefit that can easily be unfairly taken advantage of by some employees.

6) S. 249 will give employers an incentive to hire and retain only healthy employees with healthy families, to check carefully into each applicant's health records, and possibly to require drug testing as a condition of employment and continued employment.

7) S. 249 will give employers an incentive to hire men over women because men will be less likely to require the parental leave.

8) S. 249 will require a new bureaucracy to promulgate regulations on: qualifying illnesses and their severity, employer accountability, what constitutes the same or similar job to which an employee may return, and notice and hiring practices.

10) S. 249 will promote hearings and litigation as job applicants and employees seek redress for alleged discrimination.

Finally, S. 249 is widely known to be the first step toward the passage of a PAID leave benefit. This will unquestionably hurt millions of small and medium-sized businesses. The argument is made that most European countries already have a paid leave benefit. However, European countries are currently studying American small business practices to try to learn why our economy functions more efficiently than theirs. I say this is no time to be following the less productive European model.

In conclusion, the AIBN is opposed to S. 249 in its present form. Again, maternity leave for women must be protected. However, this bill is overly broad and its costs to independent and small businesses are alarming. It is not difficult to see that S. 249 will reduce the ability of small and independent businesses--the core of our nation's economic strength and vitality--to sustain and create good paying jobs. Furthermore, at a time when America should be focussing on becoming more competitive in the international economy, we should carefully scrutinize the negative impact that this legislation will have as it diverts our resources away from improving the productivity of the small business sector. The goals of S. 249 may be viewed as honorable, but their costs simply cannot be borne by small and independent businesses. If society desires such broad benefits, then society should fund them.

There are less radical ways to protect maternity and medical leave privileges while reducing the impact on small and independent businesses. Please work to ensure that legislation adversely affecting small and independent businesses does not pass your subcommittee. I believe S. 249 to be such a measure.

Sincerely,

Bill Nourse
President

Senator **Dodd**. As I mentioned earlier, we are going to take these hearings on the road. It is difficult for many people to come testify here. Obviously, there are a lot of business people, small business people, and so forth, whom we would like to hear from on this. There are many business people who have had good experiences with parental leave. But obviously, I would say the major obstacle among my colleagues when I have talked to them about parental leave is the cost factor. That is what they are hearing about from businesses. And obviously, none of us is trying to add to the burdens of business. In fact, I would argue that this is a probusiness effort.

Now, we may have to modify this bill, not because we have to politically, but because it makes good sense to modify it. And I am anxious to get recommendations and thoughts from people within the small and large business communities about the bill. I will announce further hearings on the subject matter.

I want to thank all of you who have been witnesses and others in the room who have come here this morning to participate in this hearing, and it will stand adjourned until further call of the Chair.

Thank you.

[Whereupon, at 1:05 p.m., the subcommittee was adjourned.]

PARENTAL AND MEDICAL LEAVE ACT OF 1987

THURSDAY, APRIL 23, 1987

U.S. Senate,
Subcommittee on Children, Family,
Drugs and Alcoholism,
Committee on Labor and Human Resources,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room SD-430, Dirksen Senate Office Building, Senator Christopher J. Dodd (chairman of the subcommittee) presiding.

Present: Senators Dodd, Thurmond, Harkin, and Specter.

OPENING STATEMENT OF SENATOR DODD

Senator Dodd. The Subcommittee on Children, Family, Drugs and Alcoholism will come to order.

I am delighted this morning to be hosting our second hearing on S. 249, the Parental and Medical Leave Act of 1987.

Since our last hearing in February, I have been joined in cosponsorship of this legislation by Senators Kennedy, Mikulski, Adams, Simon and Metzenbaum, Members of this Committee, the Full Committee, and Senators Arlen Specter, Dennis DeConcini, Tim Wirth and Joe Biden. In the coming weeks we look forward to other cosponsors on both sides of the aisle on this legislation.

As I mentioned at our first hearing in February, this Subcommittee will be holding a series of regional hearings on this issue during the spring and summer months throughout the country.

I am pleased to announce that on June 15th, we will be holding a hearing in Boston, on July 20th in Los Angeles, on September 14 in Chicago and on October 13 in Atlanta. An additional city in the Southern part of the country will be announced at a later date.

The reason for holding hearings across the country is clear. There is not a Member of the United States Congress, the Senate or the House, who would disagree with the contention that, "As families go, so goes the country." And hardly a week or a day goes by when a speech is not given on the floor of the House or the floor of the Senate, talking about the importance of promoting the security and stability of the American family. Whatever the issue, from improving our students' knowledge of math and science, to competing with Japanese assembly lines, to improving military readiness, we must look to the American family to make a critical difference in this country's future.

I want to help strengthen that American family. We must no longer force parents to choose between caring for a new or sick child and their jobs. That, it seems to me, is fundamental. This is not an unprecedented proposal we have in parental leave.

For over a decade, this country has provided job guaranteed leave for four years for anyone who enlists in the armed forces or serves in active duty in the reserves. And if the Government so requests, an additional period of one year may be granted to the enlistee or reservist, bringing the total to five years of job-protected leave. Business and Government have joined together to promote our national defense.

I support that concept. It has been a healthy one. I would just like to suggest that in promoting our national security, it is also important that the basic fundamental entity of our society be also protected—that is, the American family. We are not talking about four years or an additional year. We are talking about a matter of days for the birth of a new child, the adoption of a child, or the care of a very sick child. American families and parents ought not to be placed in the position of choosing between their family and their job if this country is to remain strong as we close out this century and begin the next.

The legislation, very simply, as most of you here in this room and others know, provides for 18 weeks of unpaid—unpaid—parental leave upon the birth, adoption, or serious illness of a child. It also provides 26 weeks of temporary medical leave when a serious health condition prevents a parent from working as well. In recognition of these special problems often faced by small employers, businesses with fewer than 15 employees would be exempted from the provisions of this bill.

To fail to establish a national policy on parental leave is to gamble with the future of the one out of every three Americans who is a child.

At the February 19th hearing on parental leave, this Subcommittee heard testimony from business owners and executives and from representatives of national business associations. Some were strongly supportive of the concept of parental leave. Others were opposed. Although we will be certain to continue to hear philosophical opposition from certain quarters, this morning we will hear testimony from the General Accounting Office which should address the concerns that have been raised about the possible costs associated with parental leave.

On February 19th, the U.S. Chamber of Commerce testified that unpaid parental leave would cost businesses across this country something around $16.2 billion annually. After responding to the questions I raised about their estimates, the Chamber revised that estimate on March 10th, indicating that it would not be $16.2 billion, but rather, some $2.6 billion, a substantial drop from that original estimate.

Given such wild fluctuations in the Chamber's cost estimates it seemed important to hear an objective assessment from the General Accounting Office as to the possible costs and savings to employees associated with unpaid parental leave.

As a result, Senator Arlen Specter, who has joined me here this morning, and I sent a letter requesting the General Accounting Office to do an assessment of the costs of parental leave. The GAO will examine whether businesses providing job-guaranteed leave for new parents must rely 100 percent of the time on expensive employment agencies for temporary workers to fill in the gaps, as alleged by some who are opposed to this legislation. Rather, we will hear testimony about the full range of business practices in the real world, including the standard practice of rearranging the schedules and assignments of other workers when one worker is absent, or the custom of hiring temporaries directly to forego agency fees.

Likewise the GAO will report on the validity of claims that unpaid parental leave will wreak total havoc with business productivity.

We will hear testimony on the possible losses of productivity associated with the permanent loss of an employee, taking into account the costs of recruiting and training a permanent replacement.

In addition, the potential costs of increased absenteeism and decreased morale resulting from failure to provide job-protected leave for parents who must be at home with their children will be examined.

It is also important, I believe, for this Subcommittee to examine closely the question of which workers are most likely to benefit from an unpaid parental leave policy. Some of the philosophical opponents of this legislation have called this bill a "yuppie proposal" because it only provides for unpaid leave. This morning we will also hear testimony on this issue from labor unions representing public and private employees at all ends of the pay scale. We will also hear from the parents of children who have suffered accidental injury or serious illness, requiring hospitalization and an extended period of recovery. They will delineate for us the importance in their eyes of knowing that once their child's medical crisis is resolved, they have a job to return to.

In addition, we will hear from a representative of a Ronald McDonald House about her first-hand experience in assisting parents so they can stay with their seriously ill children. Ronald McDonald Houses across this country, as you all know, have been strongly supported by local and nationwide businesses in their efforts to provide shelter at a minimal cost for parents who must travel far from home to procure appropriate medical care for a child's acute illness or injury. Under this legislation, the same businesses that support Ronald McDonald Houses would also provide job guarantees for those employees with sick children who must seek shelter during their hospitalization.

In closing, I think it is appropriate that this Subcommittee will be kicking off its regional hearings on parental leave at the same time that millions of families across the country will be celebrating Mother's and Father's Day. As we will hear from several distinguished witnesses this morning, in order to assist mothers and fathers and strengthen American families, we must no longer force parents, as I said a while ago, to choose between their children and their economic security.

[The prepared statement of Senator Dodd follows:]

STATEMENT OF CHAIRMAN CHRISTOPHER J. DODD
SUBCOMMITTEE ON CHILDREN, FAMILIES, DRUGS AND ALCOHOLISM
HEARING ON: S.249, "PARENTAL AND TEMPORARY MEDICAL LEAVE ACT OF 1987"
APRIL 23, 1987

MR. DODD: I AM DELIGHTED TO CALL TO ORDER THIS SECOND HEARING ON S.249, THE PARENTAL AND TEMPORARY MEDICAL LEAVE ACT OF 1987. I HAVE BEEN JOINED IN SPONSORING THIS LEGISLATION BY SEVERAL DISTINGUISHED MEMBERS OF THIS COMMITTEE, INCLUDING SENATORS KENNEDY, MIKULSKI, ADAMS, SIMON, AND METZENBAUM. OTHERS WHO ARE NOT MEMBERS OF THIS COMMITTEE BUT HAVE TAKEN THE LEAD IN COSPONSORING INCLUDE SENATORS SPECTER, DECONCINI, WIRTH, AND BIDEN. IN THE COMING WEEKS WE LOOK FORWARD TO HAVING MANY OTHER OF OUR DISTINGUISHED COLLEAGUES JOIN US IN THIS EFFORT TO STRENGTHEN WORKING FAMILIES FROM CONNECTICUT AND PENNSYLVANIA TO ARIZONA AND WASHINGTON STATE.

AS I MENTIONED AT OUR FIRST HEARING ON FEBRUARY 19TH, THIS SUBCOMMITTEE WILL BE HOLDING A SERIES OF REGIONAL HEARINGS THIS SPRING AND SUMMER TO FOCUS ON PARENTAL LEAVE. TODAY, I AM PLEASED TO ANNOUNCE THAT WE WILL TRAVEL TO BOSTON ON JUNE 15TH, LOS ANGELES ON JULY 20TH, CHICAGO ON SEPTEMBER 14TH, AND A CITY IN THE SOUTH (AT A DATE TO BE ANNOUNCED) TO LISTEN TO WORKING

PARENTS, PROFESSIONALS, EMPLOYERS, AND EMPLOYEE GROUPS ON THIS CRITICAL, PRO-FAMILY ISSUE.

THE REASON FOR HOLDING HEARINGS ACROSS THE COUNTRY IS CLEAR. THERE IS NOT A MEMBER OF THE UNITED STATES SENATE WHO WOULD DISAGREE WITH THE CONTENTION THAT "AS FAMILIES GO, SO GOES THE NATION." NOT A WEEK GOES BY WITHOUT SEVERAL SENATORS GIVING SPEECHES ON THE FLOOR ABOUT THE IMPORTANCE OF PROMOTING THE SECURITY AND STABILITY OF AMERICAN FAMILIES.

WHATEVER THE ISSUE, FROM IMPROVING OUR STUDENTS' KNOWLEDGE OF MATH AND SCIENCE, TO COMPETING WITH JAPANESE ASSEMBLY LINES, TO IMPROVING MILITARY READINESS AND GUARDING AGAINST THE THEFT OF NATIONAL SECURITY SECRETS, WE LOOK TO FAMILIES TO MAKE A CRITICAL DIFFERENCE. AND SOME WOULD EVEN SAY THAT MILITARY PERSONNEL SERVING OVERSEAS WITHOUT FAMILES ARE AT RISK. AND SO, STRENGTHENING AMERICAN FAMILIES BECOMES A NATIONAL SECURITY ISSUE.

IF WE WANT TO HELP STRENGTHEN AMERICAN FAMILIES, THEN WE MUST NO LONGER FORCE PARENTS TO CHOOSE BETWEEN CARING FOR A NEW OR A SICK CHILD AND THEIR JOBS. FOR OVER A DECADE, THIS COUNTRY

HAS PROVIDED JOB GUARANTEED LEAVE OF FOUR YEARS FOR ANYONE WHO ENLISTS IN THE ARMED FORCES OR SERVES ON ACTIVE DUTY IN THE RESERVES. AND IF THE GOVERNMENT SO REQUESTS, AN ADDITIONAL PERIOD OF ONE YEAR MAY BE GRANTED FOR THE ENLISTEE OR RESERVIST, BRINGING THE TOTAL TO FIVE YEARS JOB-PROTECTED LEAVE. BUSINESS AND GOVERNMENT THUS JOIN TOGETHER TO PROMOTE OUR NATIONAL DEFENSE.

I WOULD SUGGEST TO YOU THIS MORNING THAT IF WE REALLY WANT TO LAY THE GROUNDWORK FOR A STRONG DEMOCRACY AND NATIONAL DEFENSE, THEN WE MUST FOLLOW THE EXAMPLE OF THE ARMED FORCES AND ESTABLISH A NATIONAL POLICY ON PARENTAL LEAVE. THE PROPOSED LEGISLATION WOULD PROMOTE THE SECURITY OF FAMILIES BY PROVIDING FOR 18 WEEKS OF UNPAID PARENTAL LEAVE UPON THE BIRTH, ADOPTION, OR SERIOUS ILLNESS OF A CHILD, AND 26 WEEKS OF TEMPORARY MEDICAL LEAVE WHEN A SERIOUS HEALTH CONDITION PREVENTS A PARENT FROM WORKING. IN RECOGNITION OF THE SPECIAL PROBLEMS OFTEN FACED BY SMALL EMPLOYERS, BUSINESSES WITH FEWER THAN 15 EMPLOYEES WOULD BE EXEMPTED FROM THE PROVISIONS OF THIS BILL.

TO FAIL TO ESTABLISH A NATIONAL POLICY ON PARENTAL LEAVE IS TO PLAY RUSSIAN ROULETTE WITH THE FUTURE OF THE ONE OUT OF EVERY THREE AMERICANS WHO IS A CHILD. ALL OUR NATO ALLIES RECOGNIZE THE CLEAR CONNECTION BETWEEN NATIONAL DEFENSE AND FAMILY SECURITY: THEY ALL HAVE NATIONAL MATERNITY OR PARENTAL LEAVE POLICIES. AND, IT SHOULD GIVE US SERIOUS PAUSE WHEN WE CONSIDER THAT THE SOVIET UNION AND EASTERN BLOC NATIONS HAVE ALSO MADE THIS CONNECTION. THIS HEARING, THEREFORE, IS AN ATTEMPT TO DECIDE WHETHER WE REALLY WANT TO REMAIN THE ONLY INDUSTRIALIZED NATION WITHOUT A PARENTAL LEAVE POLICY.

AT THE FEBRUARY 19TH HEARING ON PARENTAL LEAVE, THIS SUBCOMMITTEE HEARD TESTIMONY FROM BUSINESS OWNERS AND EXECUTIVES AND FROM REPRESENTATIVES OF NATIONAL BUSINESS ASSOCIATIONS. SOME WERE STRONGLY SUPPORTIVE OF THE CONCEPT OF PARENTAL LEAVE AND OTHERS WERE STRONGLY OPPOSED ON PHILOSOPHICAL GROUNDS. ALTHOUGH WE WILL BE CERTAIN TO CONTINUE TO HEAR PHILOSOPHICAL OPPOSITION FROM CERTAIN QUARTERS, THIS MORNING WE WILL HEAR TESTIMONY FROM THE GENERAL ACCOUNTING OFFICE WHICH SHOULD ADDRESS THE CONCERN

WHICH HAS BEEN AROUSED ABOUT THE POSSIBLE COSTS ASSOCIATED WITH PARENTAL LEAVE.

ON FEBRUARY 19TH, THE U.S. CHAMBER OF COMMERCE TESTIFIED THAT UNPAID PARENTAL LEAVE WOULD COST BUSINESSES ACROSS THE COUNTRY SOME $16.2 BILLION ANNUALLY. AFTER RESPONDING TO THE QUESTIONS I RAISED ABOUT THEIR ESTIMATES, THEY REVISED THAT ESTIMATE ON MARCH 10TH, INDICATING THAT $16.2 BILLION FIGURE WAS JUST THE "WORST CASE SCENARIO." THE U.S. CHAMBER HAS NOW NARROWED THAT ESTIMATE TO $2.6 BILLION. GIVEN SUCH WILD FLUCTUATIONS IN THE U.S. CHAMBER COST ESTIMATES, IT IS IMPORTANT TO HEAR AN OBJECTIVE ASSESSMENT FROM THE GENERAL ACCOUNTING OFFICE AS TO THE POSSIBLE COSTS AND SAVINGS TO EMPLOYERS ASSOCIATED WITH UNPAID PARENTAL LEAVE.

THE GENERAL ACCOUNTING OFFICE WILL EXAMINE WHETHER BUSINESSES PROVIDING JOB-GUARANTEED LEAVE FOR NEW PARENTS MUST RELY 100% OF THE TIME ON EXPENSIVE EMPLOYMENT AGENCIES FOR TEMPORARY WORKERS TO FILL IN THE GAP, AS ALLEGED BY SOME OF THE PHILOSOPHICAL OPPONENTS OF THE BILL. RATHER, WE WILL HEAR TESTIMONY ABOUT THE FULL RANGE OF BUSINESS PRACTICES IN THE REAL

WORLD, INCLUDING THE STANDARD PRACTICE OF REARRANGING THE SCHEDULES AND ASSIGNMENTS OF OTHER WORKERS WHEN ONE WORKER IS ABSENT OR THE CUSTOM OF HIRING TEMPORARIES DIRECTLY TO FOREGO AGENCY FEES.

LIKEWISE, THE GENERAL ACCOUNTING OFFICE WILL REPORT ON THE VALIDITY OF CLAIMS THAT UNPAID PARENTAL LEAVE WILL WREAK TOTAL HAVOC WITH BUSINESS PRODUCTIVITY. WE WILL HEAR TESTIMONY ON THE POSSIBLE LOSSES TO PRODUCTIVITY ASSOCIATED WITH THE PERMANENT LOSS OF AN EMPLOYEE, TAKING INTO ACCOUNT THE COSTS OF RECRUITING AND TRAINING A PERMANENT REPLACEMENT. IN ADDITION, THE POTENTIAL COSTS OF INCREASED ABSENTEEISM AND DECREASED MORALE RESULTING FROM FAILURE TO PROVIDE JOB PROTECTED LEAVE FOR PARENTS WHO MUST BE AT HOME WITH THEIR CHILDREN WILL BE EXAMINED.

IT IS ALSO IMPORTANT FOR THIS SUBCOMMITTEE TO EXAMINE CLOSELY THE QUESTION OF WHICH WORKERS ARE MOST LIKELY TO BENEFIT FROM AN UNPAID PARENTAL LEAVE POLICY. SOME OF THE PHILOSOPHICAL OPPONENTS OF THIS LEGISLATION HAVE DUBBED IT A "YUPPIE PROPOSAL," BECAUSE IT ONLY PROVIDES FOR UNPAID LEAVE. THIS MORNING WE WILL

HEAR TESTIMONY ON THIS ISSUE FROM LABOR UNIONS REPRESENTING PUBLIC AND PRIVATE EMPLOYEES AT ALL ENDS OF THE PAY SCALE.

WE WILL ALSO HEAR FROM THE PARENTS OF CHILDREN WHO HAVE SUFFERED ACCIDENTAL INJURY OR SERIOUS ILLNESS, REQUIRING HOSPITALIZATION AND AN EXTENDED PERIOD OF RECOVERY. THEY WILL DELINATE FOR US THE IMPORTANCE, IN THEIR EYES, OF KNOWING THAT ONCE THEIR CHILD'S MEDICAL CRISIS IS RESOLVED, THEY WILL HAVE A JOB TO RETURN TO. IN ADDITION, WE WILL HEAR FROM THE REPRESENTATIVE OF A RONALD MCDONALD HOUSE ABOUT HER FIRSTHAND EXPERIENCE IN ASSISTING PARENTS TO STAY WITH THEIR SERIOUSLY ILL CHILDREN.

RONALD MCDONALD HOUSES ACROSS THE COUNTRY HAVE BEEN STRONGLY SUPPORTED BY LOCAL AND NATIONWIDE BUSINESSES IN THEIR EFFORTS TO PROVIDE SHELTER AT A MINIMAL COST FOR PARENTS WHO MUST TRAVEL FAR FROM HOME TO PROCURE APPROPRIATE MEDICAL CARE FOR A CHILD'S ACUTE ILLNESS OR INJURY. UNDER THIS LEGISLATION, THE SAME BUSINESSES THAT SUPPORT RONALD MCDONALD HOUSES WOULD ALSO PROVIDE JOB GUARANTEES FOR THOSE EMPLOYEES WITH SICK CHILDREN WHO MUST SEEK SHELTER THERE.

IN CLOSING, IT IS APPROPRIATE THAT THIS SUBCOMMITTEE WILL BE KICKING OFF ITS REGIONAL HEARINGS ON PARENTAL LEAVE AT THE SAME TIME THAT MILLIONS OF FAMILIES ACROSS THE COUNTRY WILL BE CELEBRATING MOTHER'S AND FATHER'S DAY. AS WE WILL HEAR FROM SEVERAL DISTINGUISHED WITNESSES THIS MORNING, IN ORDER TO ASSIST MOTHERS AND FATHERS AND STRENGTHEN AMERICAN FAMILIES, WE MUST NO LONGER FORCE PARENTS TO CHOOSE BETWEEN THEIR CHILDREN AND THEIR JOBS.

BEFORE I CALL UPON OUR FIRST PANEL OF EXPERT WITNESSES, LET ME SEE IF MY COLLEAGUES HAVE ANY OPENING REMARKS THEY WOULD LIKE TO MAKE.

Senator Dodd. I would like to turn if I may to my colleague from Pennsylvania who has joined us here this morning. Once again, he is the individual, as I think most of you know, who for four years, was my co-chair of the Children's Caucus in the Senate. He has few equals on either side of the aisle in his knowledge about the problems of young people in this country.

I am delighted that you are with us, Arlen.

Senator Specter. Thank you very much, Mr. Chairman.

I first commend you for your leadership on this very important subject, and I am delighted to join you for a few moments at this hearing. I regret that I have other commitments and cannot stay too long.

But I do want to say that I consider Senate Bill 249 to be as important a piece of legislation as is pending in the Congress today. Since it was introduced on January 6th, there has been a tremendous amount of interest and a tremendous amount of comment about this bill. In the six years plus that I have been in the Senate, I have not had more comment about any bill, especially, candidly, in my own office, where three of my employees have taken parental leave and advised me of their intention to do so.

But there is no doubt about the tremendous value that there would be to structuring and sustaining the family if this bill becomes law. The big issue which is open is what is the cost to be. And the estimates which the Chamber of Commerce have posed, I think, show the difficulty of putting a handle on the bill, moving from $16 billion to $2 billion plus. And that is why I think that the analysis of the General Accounting Office is especially important here today, because if we can afford parental leave, then we ought to have it. And my own instinct is that we can afford it, but these hearings will do a great deal in my judgment to shed light on the subject and to provide a factual basis for an intelligent decision by the Congress on this very important subject.

So I again thank you, Mr. Chairman, for your leadership and look forward to working with you and those witnesses who will be testifying here today.

Senator Dodd. Thank you very much, Senator Specter.

Senator Thurmond unfortunately will not be with us at the outset here this morning. I suspect he may get here before the hearing is over. He is attending the funeral of General Maxwell Taylor with Vice President Bush.

He does, however, have a statement which he wanted included in the record, and that will be done.

OPENING STATEMENT OF SENATOR THURMOND

Senator Thurmond. Mr. Chairman, as you are aware, I have serious concerns about this bill. I have expressed them at a previous hearing on this measure and I will not reiterate them again at this point.

However, I would like to have a few things placed in the record of today's hearing. First, I ask unanimous consent that an article written by Congressman Dick Armey be placed in the record. This article appears in The Wall Street Journal and is entitled "Parental Leave Act Is Just Yuppie Welfare." Congressman Armey raises several points which I believe merit the attention of this Committee.

Second, I ask unanimous consent that 11 letters be placed in the record. They are representative of hundreds that I have received from across the country raising concerns about this legislation. I believe having these included will strengthen the record regarding this legislation.

Mr. Chairman, we have two witnesses appearing from South Carolina. I am pleased that the views of my constituents in South Carolina are so sought after by this Committee. This is certainly understandable.

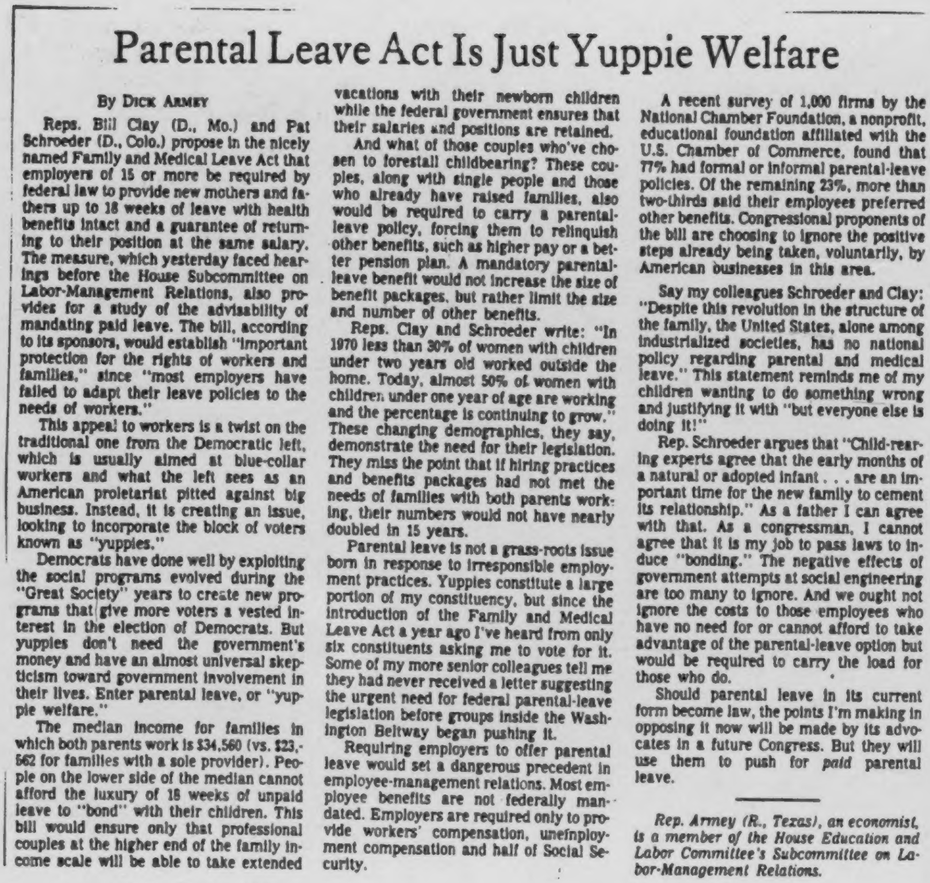
I wish to take this opportunity to welcome David Boggs, who is from Myrtle Beach, and Cynthia Simpler, who is from Fountain Inn.

We are pleased to have both of you here today, and I am confident that the Committee will benefit from what you have to say.

Mr. Chairman, while my schedule may not permit me to stay for the entire hearing, I look forward to reviewing the remarks of all of the witnesses today.

[Information supplied for the record follows:]

The Wall Street Journal, Thursday, February 26, 1987



Parental Leave Act Is Just Yuppie Welfare

By Dick Armey

Reps. Bill Clay (D., Mo.) and Pat Schroeder (D., Colo.) propose in the nicely named Family and Medical Leave Act that employers of 15 or more be required by federal law to provide new mothers and fathers up to 18 weeks of leave with health benefits intact and a guarantee of returning to their position at the same salary. The measure, which yesterday faced hearings before the House Subcommittee on Labor-Management Relations, also provides for a study of the advisability of mandating paid leave. The bill, according to its sponsors, would establish "important protection for the rights of workers and families," since "most employers have failed to adapt their leave policies to the needs of workers."

This appeal to workers is a twist on the traditional one from the Democratic left, which is usually aimed at blue-collar workers and what the left sees as an American proletariat pitted against big business. Instead, it is creating an issue, looking to incorporate the block of voters known as "yuppies."

Democrats have done well by exploiting the social programs evolved during the "Great Society" years to create new programs that give more voters a vested interest in the election of Democrats. But yuppies don't need the government's money and have an almost universal skepticism toward government involvement in their lives. Enter parental leave, or "yuppie welfare."

The median income for families in which both parents work is $34,560 (vs. $23,562 for families with a sole provider). People on the lower side of the median cannot afford the luxury of 18 weeks of unpaid leave to "bond" with their children. This bill would ensure only that professional couples at the higher end of the family income scale will be able to take extended vacations with their newborn children while the federal government ensures that their salaries and positions are retained.

And what of those couples who've chosen to forestall childbearing? These couples, along with single people and those who already have raised families, also would be required to carry a parental-leave policy, forcing them to relinquish other benefits, such as higher pay or a better pension plan. A mandatory parental-leave benefit would not increase the size of benefit packages, but rather limit the size and number of other benefits.

Reps. Clay and Schroeder write: "In 1970 less than 30% of women with children under two years old worked outside the home. Today, almost 50% of women with children under one year of age are working and the percentage is continuing to grow." These changing demographics, they say, demonstrate the need for their legislation. They miss the point that if hiring practices and benefits packages had not met the needs of families with both parents working, their numbers would not have nearly doubled in 15 years.

Parental leave is not a grass-roots issue born in response to irresponsible employment practices. Yuppies constitute a large portion of my constituency, but since the introduction of the Family and Medical Leave Act a year ago I've heard from only six constituents asking me to vote for it. Some of my more senior colleagues tell me they had never received a letter suggesting the urgent need for federal parental-leave legislation before groups inside the Washington Beltway began pushing it.

Requiring employers to offer parental leave would set a dangerous precedent in employee-management relations. Most employee benefits are not federally mandated. Employers are required only to provide workers' compensation, unemployment compensation and half of Social Security.

A recent survey of 1,000 firms by the National Chamber Foundation, a nonprofit, educational foundation affiliated with the U.S. Chamber of Commerce, found that 77% had formal or informal parental-leave policies. Of the remaining 23%, more than two-thirds said their employees preferred other benefits. Congressional proponents of the bill are choosing to ignore the positive steps already being taken, voluntarily, by American businesses in this area.

Say my colleagues Schroeder and Clay: "Despite this revolution in the structure of the family, the United States, alone among industrialized societies, has no national policy regarding parental and medical leave." This statement reminds me of my children wanting to do something wrong and justifying it with "but everyone else is doing it!"

Rep. Schroeder argues that "Child-rearing experts agree that the early months of a natural or adopted infant . . . are an important time for the new family to cement its relationship." As a father I can agree with that. As a congressman, I cannot agree that it is my job to pass laws to induce "bonding." The negative effects of government attempts at social engineering are too many to ignore. And we ought not ignore the costs to those employees who have no need for or cannot afford to take advantage of the parental-leave option but would be required to carry the load for those who do.

Should parental leave in its current form become law, the points I'm making in opposing it now will be made by its advocates in a future Congress. But they will use them to push for *paid* parental leave.

Rep. Armey (R., Texas), an economist, is a member of the House Education and Labor Committee's Subcommittee on Labor-Management Relations.

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March 6, 1987

The Honorable Strom Thurmond
United States Senate
U. S. Senate Office Building
Washington, D. C. 20510

Re: H.R. 925 and S. 249

Dear Senator Thurmond:

We understand the subject bills would require employers of 15 or more people to grant unpaid parental leave for serious family or medical reasons, such as childbirth, personal illness, or the illness of a child or parent. Employees would be permitted to take up to 18 weeks of unpaid leave over a two-year period for the birth, adoption, or serious illness of a child. Employers would also be required to grant unpaid leave of up to 26 weeks in a year for personal health problems and in either case, would have the right to return to the same or equivalent job.

As an employer of nearly 500 people in South Carolina, we are very much opposed to these bills. We strongly urge you to work to defeat this legislation for the following reasons:

1. This is one more burden for beleaguered United States manufacturers. We are competing with overseas firms who do not have to contend with such things as OSHA, EPA, minimum wage, COBRA, OEO, Taft-Hartley, and other such cost increasing Federal and State regulatory requirements. Additional unemployment will result as struggling businesses find this to be the proverbial "straw".

2. Freedom would be taken away from many small businessess. Young businesses may need to forgo such luxury to get established. Older businessess may well, and often do, decide to grant such leave time to help with competition for labor or to accommodate particularly valuable employees. Marginal employees should not be given the same advantages as more valuable employees, or there is no incentive to excel.

3. "Serious" family or medical reasons that warrant an unpaid leave are not spelled out clearly in the legislation. This will lead to unnecessary litigation in an already overburdened judicial system.

4. Such legislation will encourage abuse by employees wishing to try another job while retaining the right to return to the old job.

5. Some employees will be tempted to take leave of absence for frivolous reasons using trumped-up family or medical reasons as leverage.

6. Employers will not be able to verify the reasons for such things without invading the privacy of the employee.

7. We agree with the employees' right to return to the same or an equivalent job for reasons of National Defnese, as in military leave of absence, but for personal reasons by comparison, the requirement seems frivolous.

8. The proposed legislation is inflationary. All employers will be burdened with extra training costs. It would be necessary to train temporary replacements and then necessary in many cases to re-train the returning employee because of the lengthy times allowed. The consumer will be forced to pay higher prices for goods and services. Since the employee on leave is also a consumer, the bills will hurt the very ones they are supposed to help.

If we continue with legislation of this type we will continue to price the American manufacturer out of business. The Federal government has shown no inclination to help the American manufacturer to compete through trade legislation, yet the Federal government continues to put the American manufacturer at an economic disadvantage with such legislation as this.

In summary, it is our opinion that this proposed legislation is unreasonable and places an unnecessary burden on all employers. Manufacturing concerns, from whom the real wealth and health of our nation's economy comes, will be the hardest hit because of the number of employees, and the high wages and benefits already being paid skilled workers. When someone asks you "What causes chronic unemployment" or "What causes the trade deficit to continue to plunge?" you have a ready answer. It is caused in part by legislation like this.

Thank you for your time and consideration of our position on this issue.

Sincerely,

TIETEX CORPORATION

J. D. Butts
Administrative Services Manager

JDB/pb

Kodak

February 16, 1987

The Honorable Strom Thurmond
United States Senate
218 Russell Senate Office Building
Washington, DC 20510

Dear Senator Thurmond:

I am writing to express my concern about S.249, the Parental and Medical Leave Act of 1987, which will soon be considered by the Senate Labor Subcommittee on Children, Family, Drugs and Alcoholism.

Eastman already provides most of the benefits that would be required under S.249. Our fundamental concern is the federal government's dictating to employers a national leave policy. Employers and employees, not the federal government, can best determine employee compensation packages that fit the specific needs of employees.

Also of major concern to us is the provision requiring employers to guarantee reemployment to employees returning from family or disability leaves of absence. This creates inequity in relation to employees taking leaves of absence for other reasons and gives little consideration to business conditions at the time the employee chooses to return to work.

We hope Congress will continue to foster an environment that encourages employers to be flexible and responsive to the needs of their employees rather than creating nationalized benefits which often are not realistic in every workplace.

We ask that you oppose S.249.

Yours very truly,

John D Beckler

John D. Beckler
President

vsk/001-177

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PIONEERS IN SAFETY SIGNALS
WHELEN
ENGINEERING COMPANY, INC.

March 25, 1987

United States Senate
Russell Building
Washington, D.C. 20510

Attn: Senator Strom Thurmond, Suite SR-213

SUBJECT: House Bill #925 &
Senate Bill #249

Dear Senator Thurmond:

We register our opposition to government enforced medical and paternity leave as outlined in these two bills. These bills are typical of a Socialistic attitude which has been adopted by our government.

I was unaware that Business is responsible for fathering and mothering children. If Congress, in it's infinite wisdom, feels that the business community is responsible for not only fathering and mothering children, but their care and up-bringing and taking care of all employees and their families from womb to tomb, then I would suggest that they immediately introduce legislation to prohibit the importation of products that are competitive to industry in the United States.

In the most simplistic terms, one cannot go without the other and allow the business community to generate sufficient funds to pay for this mandated exorbitant cost.

This company is a leader in providing fringe benefits within the ability of the company to generate income in order to pay for them. Congress, on the other hand, is dictating that these benefits must be provided even if import competition prevents adequate income generation.

Any reasonably intelligent Representative or Senator should understand that the United States is rapidly becoming a service oriented Country, losing its basic industry and is gradually, regardless of the amount of money spent, losing its ability to defend itself in times of military emergency. Foreign nations can provide goods at a much more competitive price, and without all of the restrictions on their business community,

I cannot over emphasize the tremendous pressure that Congress is putting on American business with the totally Socialistic attitude that it has developed.

Unfortunately, Congress is dominated by one particular profession. It is no longer representative of the American people. The Congress does not have the ability to see the true problems of the United States. Very few of you have ever had to make a payroll and worry about where the money comes from. I would hope that this situation could be corrected. And, I hope I live long enough to see it.

Very truly yours,

John F. Olson,
President

JO:dmp

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THE PANTRY

ROBERT K. HUGHES
Vice President - Finance

THE PANTRY, INC. General Offices 1801 Douglas Drive · Post Office Box 1410
Sanford, North Carolina 27330
Telephone (919) 774-6700

April 15, 1987

The Honorable Strom Thurmond
UNITED STATES SENATE
Washington, D. C. 20510

Dear Senator Thurmond:

It has come to my attention that there is currently moving through Congress legislation entitled The Family and Medical Leave Act of 1987 (H. R. 925 and S. 249) which would federally mandate that firms grant unpaid leaves due to birth or adoption of a child or disability to employees and guarantee the re-employment of that employee to the same or similar position. It would also continue all benefits for the employee during the entire period of their absence. I understand further that these bills would establish a commission to recommend ways to implement paid leave in the near future.

I must take strong exception to this legislation! Once again the federal government is trying to overregulate the private sector, thus reducing our ability to manage our employees' benefits and implying that all businesses are alike. Our company currently has a maternity leave policy which allows the parent to be out six weeks on an unpaid basis with a job guaranteed for them when they return. We do not pay the cost of their benefits but they have the option of continuing the benefits if they pay the premiums. For someone to have the ability to be out eighteen weeks in the case of parental leave or twenty-six weeks in the case of disability and to be guaranteed a job creates undue hardship on the company. What do we do in the meantime? Obviously we must hire temporary help which is much less efficient than full-time help or we must replace that person with a full-time permanent employee in the hopes that we will have an opening when the person returns from their leave, then further, to pay the benefits for that person while they are on leave once again adds to our cost of doing business. I do not see either of the above situations being effective. There are

Senator Strom Thurmond
April 15, 1987
page two

already laws on the books to protect against discrimination and maternity situations. We do not need further legislation in this area. All businesses are not alike and all employees' needs are not the same. Further, federal policy continues to reduce the flexibility of the private sector of this country.

We should be attempting to reduce the scope of the federal government in order to increase its efficiency and reduce its cost rather than seeking ways to extend the strangling arm across the country.

I would appreciate any efforts that you could make to defeat this legislation. Thank you for your cooperation.

Respectfully,

THE PANTRY, INC.

RKH/ss

cc: William C. Rustin, Jr.
NORTH CAROLINA RETAIL MERCHANTS ASSOCIATION

Belk Simpson

Belk-Simpson Stores / Post Office Box 528, Greenville, South Carolina 29602 / Telephone (803) 297 3451

April 17, 1987

Honorable Strom Thurmond
213 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Thurmond:

I would encourage you to vote against senate bill S.249 recently introduced by Senators Dodd and Specter.

As you know, a great majority of reputable employers throughout this nation already protect the well-being of their employees in this area. Most of those that don't, simply do not have the ability to do so and continue operations on a profitable basis in a competitive environment.

Businesses know how to best protect the interest of their employees. Competition in the market place dictates an acceptable coverage.

I will be watching your vote on this bill with keen interest.

Yours Truly,

Welch M. Bostick, Jr.

Welch M. Bostick, Jr.
Vice President
Finance and Control

A:W0132.dn

COMMUNICATION SERVICE CENTER, INC.
4 SULPHUR SPRINGS ROAD
P. O. BOX 4118 (ZIP 29608)
GREENVILLE, S. C. 29609

1987 [illegible] 25

April 16, 1987

Honorable Senator Strom Thurmond
218 Russell Senate Office Building
Washington, D. C. 20510

Honorable Senator Strom Thurmond,

As a small business employing 22 people, it is impossible to find any one that can run a secretary job, install a radio, repair a radio or build a small tower.

So how could I give 18 weeks of unpaid leave as S249 would require, I would be forced to hire some one to replace the person on leave and when they returned fire the replacement.

We have paid vacations, paid sick leave, free uniforms and a profit sharing retirement program and have very little turn over in our work force. Please vote and help to defeat this bill. The small business cannot carry much more.

Sincerely,

Floyd Winchester, Jr.

Floyd Winchester, Jr.

COMMUNICATION SERVICE CENTER, INC.

FW/sim

David L. Goodman
Vice President
Public Affairs and Marketing Services

April 14, 1987

The Honorable Strom Thurmond
Labor and Human Resources Committee
United States Senate
Washington, D.C. 20510

Dear Senator Thurmond:

The Clorox Company, headquartered in Oakland, California, manufactures and markets a wide variety of consumer household products, food products and architectural coatings. The company employs over 5,000 people in 35 facilities nationwide. The purpose of this letter is to urge your "no" vote on S. 249, the "Parental and Medical Leave Act of 1987," for the reasons given. This measure requires employers to grant 18 weeks of parental leave to parents of newborn, newly adopted, or ill children and 26 weeks of disability leave to any temporarily disabled employee. The measure also calls for a commission to recommend to Congress a policy for paid leave.

1. The Clorox Company supports the voluntary private-sector employee benefits system which S. 249 would destroy. Currently, there are only three kinds of government-mandated employer-provided benefits: Social Security, workers' compensation, and unemployment insurance. The company urges Congress to consider the impact other mandated benefits will have on temporary replacement employees, employers' unemployment insurance experience ratings, and employers' ability to afford other types of benefits that all employees would like to have. It should be left to employers to determine what coverage and benefits will be offered to employees, taking into account the needs and desires of employees and the representatives of employee groups and funds available.

2. S. 249 places a tremendous burden on employers who need key quality people to run their businesses effectively. It should be left up to the employer as to whether or not the business could operate without replacing the affected employee. The Clorox Company has its own fair and effective policy with respect to personal leaves of absence without pay. A leave of absence is counted as continuous service with the company. Continuous service means there is no loss of seniority, and no break in service for

The Clorox Company General Offices 1221 Broadway, Oakland, California 94612 Phone (415) 271-7000
Mail Address: P.O. Box 24305, Oakland, California 94623

pension, profit sharing and programs that are tied to the employee's hire date (e.g., vacation, disability leave). In addition, the employee's health coverage is paid in full through the end of the month in which the leave begins. After that date, the employee can elect to pay the full premium if he or she wishes to continue coverages during the leave. Upon return from the leave, the employee is given the upmost consideration for all available positions for which the employee is qualified, if it was necessary to hire and train a regular employee during the leave.

3. S. 249 will result in increased costs and lay-offs when an employee returns from leave and there are no "comparable" positions available. When a regular employee is hired to fill the vacancy of the employee on leave, the newly hired employee could very likely be terminated when the employee returns. When mandated to restore the employee to the same or comparable position, the employer is faced with increased costs of training, payroll and severance pay. In addition, this continuous turnover of personnel reduces productivity and lessens the company's chances of staying within operating budgets.

We appreciate the opportunity to comment on this critical public policy issue and, for the reasons given, strongly urge you to vote "no" on S. 249.

Sincerely,

DL Goodman

David L. Goodman
Vice President - Public Affairs &
Marketing Services

DLG:rmg

CANTEEN OF DIXIE

Phone (803) 277-6634 Post Office Box 8416 Greenville, South Carolina 29604

April 15, 1987

Honorable Strom Thurmond
United States Senate
Washington, D.C. 20510

Dear Representative or Senator Thurmond:

As General Manager of the Greenville Region for the Food and Vending Division of Canteen Company, employing 305 persons locally and over 35,000 nationwide in the foodservice industry, I am writing to you to express MY OPPOSITION TO H.R. 925 (or) S.249 and to urge you to oppose mandated benefits legislation such as "The Parental and Medical Leave Act of 1987."

In doing so, you will protect the interest of the millions of employees in the foodservice industry. These across-the-board mandates THREATEN THE FLEXIBILITY WHICH EMPLOYERS AND EMPLOYEES MUST HAVE in tailoring benefits packages to meet the needs of individuals.

Canteen Company has consistently demonstrated our responsiveness to the needs of its workforce by providing, voluntarily, a wide array of employee benefits. We know the value of recruiting and retaining productive employees. Well designed benefits plans, not mandated benefits, simply make good business sense.

I believe that increased labor costs as a result of mandated benefits proposals would have an unavoidable, ADVERSE IMPACT ON EMPLOYMENT. Small businesses and moderate-sized local operating regions of large companies have generated the majority of the 12.4 million jobs created over the past 4 years and can least withstand increases in labor costs. This employment sector cannot be jeapordized if growth opportunities in employment are to continue.

Management & Manpower for Food Services Systems

Simply stated, mandated benefits legislation, such as H.R.925 (or S.249), would preclude employers from offering the benefits packages best suited for their employees and would create unemployment.

Again, I urge you to oppose "The Parental and Medical Leave Act of 1987", H.R. 925 (or S.249).

Sincerely,

E. L. Finnell
General Manager

G. Richard (Dick) Atherton

Atherton Electric Company, Inc.

April 14, 1987

The Honorable Strom Thurmond
United States Senete
Washington, DC 20510

Dear Sir:

I have been notified by the National Federation of Independent Business that a bill H.R. 925 (S. 249) is coming before the Congress. This is the "Family and Medical Leave Act".

The basic idea of this bill may be very commendable but I can see the costs and disruption to my business would be vastly out of proportion to the benefits.

Therefore I would urge you in the strongest possible terms to oppose this bill if it ever comes to a vote.

Respectfully,

ATHERTON ELECTRIC COMPANY, INC.

G. Richard Atherton

G. Richard Atherton
President

GRA/dwa

P.O. Box 2612 • Spartanburg, S.C. • 29304 • Telephone (803) 582-8159

Gamecock City Broadcasting, Inc.
P. O. Drawer 38
Sumter, South Carolina 29151

April 9, 1987

Honorable Strom Thurmond
United States Senate
Washington, DC 20510

Re: S. 249 Parental Leave

Dear Senator Thurmond:

I urge you to vote against any federally mandated parental leave legislation. This requirement would put a tough burden on a small (21 employees) and specialized business such as ours.

We try to accomodate employees during times of illness and birth, but it would be very difficult to hold open certain jobs for an extended length of time while an employee took leave. We are not big enough to move employees around from one type of job to another to "fill a hole" and then be able to move them back when an employee returned.

In addition, although our company does not compete with foreign firms, I urge you to consider the effect this bill would have on American firms' ability to compete with foreign companies. We don't need more hindrances to our ability to compete.

Sincerely,

John D. Marshall
President

Member of NFIB

HILTON·HEAD·ISLAND
SOUTH·CAROLINA
Life is simply better here.

March 31, 1987

The Hon. Strom Thurmond
209 Russell Senate Bldg.
Washington, DC 20510

Dear Strom:

In the near future, Congress will consider the Family and Medical Leave Act of 1987. As you know, this act will mandate various criteria for family and parental leaves and also guarantee that the same or similar job, upon return, be available to the employee for up to nine months.

I strongly urge you to oppose the Family and Medical Leave Act on the grounds that Congress should not mandate leave policies that could result in economic hardship for employers, particularly in small business. Further, Congress should not mandate leave policies that could result in the reduction or elimination of other preferred employee benefits. Business is meeting the needs of a changing work force and efforts at a national remedy is totally unnecessary and inappropriate. Employee benefits are issues for labor/management negotiation not government mandate.

In fact, this leave may create a bias towards employees more prone to parental leave and reduce their opportunities in the work force. Companies with employment levels below 25 people and not covered by mandates of EEO, will in particular, be reluctant to employ persons with a higher tendency for leaves of absence. This employer bias will most affect employees at the entry level positions or ones that need the greatest economic opportunities.

I request that you consider these recommendations carefully, and appreciate your continued support of our position.

With kindest personal regards, I remain

Sincerely,

Bill
WILLIAM A. HANBURY
President

CHAMBER OF COMMERCE • P.O. BOX 5647 • HILTON HEAD ISLAND, SOUTH CAROLINA 29938 • (803) 785-3673

Senator DODD. Let me also state publicly an apology. As a new Chairman, you learn as you go along, and we did not get our witness list out as quickly as we should have. The rules are that it be out seven days ahead, and we did not get it out quickly enough. I apologize to my colleague from South Carolina for that.

I will also announce that we will be hearing from the Justice Department on this subject matter before we complete our Washington series of hearings. In fact, we have one more hearing here in Washington on the subject before we have hearings in the other parts of the country. We had to cut back this morning's witness lists. We would like to have as many people as possible, but invariably, these hearings go on far longer than we anticipate. But we will have witnesses from the Justice Department later for their comments on this legislation as well.

Our first witness this morning is William Gainer, who represents the General Accounting Office. He is the Associate Director, Human Resources Division, General Accounting Office, Washington. He is accompanied by Stephen Backhus, Group Director, and James Spaulding, Economist.

On February 19th, as I mentioned earlier, Senator Specter and I sent a letter to the GAO asking them to (1) evaluate the cost estimate done by the U.S. Chamber of Commerce, and (2) to provide their own objective assessment of the possible costs and savings to businesses associated with a national policy on parental leave.

They are here this morning to report on the first half of their study, namely, a critique of the U.S. Chamber's cost figures. They will then come back to us at the end of September, I am told, with their own independent assessment of the possible costs and savings stemming from this legislation. We thank them for their hard and painstaking work and for responding so quickly, I might add. With all of the demands we place on you, this has been a very, very quick response from February 19th to the end of April. So, I personally want to express my gratitude once again to the GAO. You have done a remarkable job. You consistently do it for all of us up here. I do not know how you do it, quite frankly, as well as you do, day in and day out. So we appreciate very much your being here this morning.

STATEMENT OF WILLIAM J. GAINER, ASSOCIATE DIRECTOR OF HUMAN RESOURCES DIVISION, U.S. GENERAL ACCOUNTING OFFICE, WASHINGTON, DC, ACCOMPANIED BY STEPHEN BACKHUS, GROUP DIRECTOR, AND JAMES SPAULDING, ECONOMIST

Mr. GAINER. Thank you, Mr. Chairman.

We are indeed happy to be here today to assist you in your deliberations on S. 249. I should note that my remarks regarding the Chamber's estimate are based upon, as you noted, a fairly short period of time, and so they have to be considered preliminary.

I would also like to note that estimating the cost of any kind of change like this is very difficult, and the estimates that the Chamber makes and probably the estimates that we make can always be questioned.

I do think, however, that we have had enough time and enough opportunity to look at the Chamber's estimate and make a preliminary judgment that in fact some of their estimates are high because of the assumptions that they make about how many people will use this kind of leave, what it will cost to replace them, and other factors involved in the legislation.

I would also like to note that we are not going to critique the estimate that was provided to the Committee on February 19th, but rather the later estimate of March 10th that was provided to you by letter—the one which you referred to as coming down from $16.2 billion to $2.6 billion for the parental or new child portion of the bill.

One other thing that you did not mention in your remarks, which I think is worthy of note, is that 80 percent of the firms in the country are exempted from the legislation as presently written—that is, firms under 15 employees—and that that also exempts about 20 to 25 percent of the employees in the country.

To prepare for today, we reviewed the literature that is available on this topic. We looked at a variety of national surveys that have been done by the Chamber, by the Bureau of National Affairs and others. We spoke with a number of large employers who have similar policies to try and get a fix on how often and how long a period of time employees take leave under any of these circumstances and tried to locate what we feel are relevant data for making an estimate of this kind.

Senator DODD. Excuse me. Those two statistics you just mentioned, I think are important. Eighty percent of the number of businesses, actual businesses, would be exempted by the bill as presently written——

Mr. GAINER. That is correct.

Senator DODD [continuing]. Twenty-five percent of the work force would be exempted.

Mr. GAINER. Yes, sir.

Senator DODD. Thank you very much.

Mr. GAINER. Finally, we reconstructed the Chamber's estimate and then looked at some of the methods they used to see if, when we produce an estimate, we would do it differently. And I think at this point I would have to say we would.

I am going to refer now to the large charts that we have up here, and I will take the provisions of the bill in turn and then talk a little bit after that about the general topic of productivity and other benefits from the legislation.

First of all, I will go through the Chamber's estimate in each case and then make some comment about those assumptions that are key to the Chamber's estimate.

First of all, in terms of the work force affected, the Chamber assumed that all working parents with children under the age of one would be the relevant population. That is in effect correct. However, in our view, the population most likely to use this to any great extent is really working women, those who have children under age one. And that would really come down to about 38 percent of the eligible population.

The fact is that although many companies and some Federal agencies have policies that provide parental leave for fathers, at least at this point in our society, very few people use it.

In terms of the usage rates, the Chamber assumed that of all those who were eligible under the law 50 percent of those would take a full 18 weeks of the leave. Among the eligible population, there are actually more men than there are women, and there are quite a number of single parents who would find it very difficult to afford to take a full 18 weeks of the leave.

So we think at this point, a better guess at the number would be about 75 percent of married women and that the extent of the leave would be substantially below 18 weeks.

And as you know, but I would like to note for the others here, any paid leave that is available from the employers for example, sick leave during the time that a mother is incapable of working, and annual leave which the employee chooses to take, subtracts from that 18 weeks. I cannot give you a number right now, but we are working to find statistics that would allow us to make a better estimate of what the actual usage might be.

In terms of the major cost elements, a big factor here is the cost of replacing those who decide to take the leave. The Chamber decided to use the assumption that everyone who took the leave would be replaced for the full time of their absence. I think that is probably unrealistic. There are a lot of jobs, a lot of companies that can shift work to other employees. Sometimes companies will choose not to replace people on maternity or paternity leave or sick leave, for that matter.

One complicating factor in preparing this testimony was that my secretary happens to be on maternity leave, making it much more interesting to get this done on time.

Senator DODD. But you got it done on time.

Mr. GAINER. We got it done on time, and principally by sharing the work with other people.

Senator DODD. Was that a great inconvenience to your office?

Mr. GAINER. It was an inconvenience, but it has not resulted in any loss of our productivity or our ability to respond to requests like this one. We were able to continue to do the work.

Another issue related to replacing workers is that if the absences are not for the full 18 weeks, it is going to be a lot easier for employers to come a shorter period of time—and in fact, we know that that occurs.

In terms of the cost of replacing workers, the Chamber's estimate here was a bit difficult to decipher, but we think basically their assumption was that when you replace somebody, the cost of replacing that person is about 18 percent higher than the cost of paying wages and fringe benefits for the person on unpaid leave.

The fact of the matter is, though, that some employees, as I said, do not replace; some replace through less costly direct hires; and larger employers keep pools of temporary or part-time workers to fill in. A lot of the larger employers that we talked to said that they do maintain pools of part-time or temporary workers rather than paying for more expensive temporary help services.

Looking at the costs and the assumptions that the Chamber made for leave to care for a seriously ill child, we find some similar assumptions which I think increase the cost of their estimate above what I would come up with.

First of all, they assumed that for all children and all school days lost, for those between the ages of 5 and 14, one parent would take a day off.

I do not believe that the common cold, an absence of a few days, or some kind of mild illness was to be covered by this legislation, although there is some question about just what would be covered. And I have to say that in making our estimate for perspective here today, we used illnesses that caused children to be in bed for 30 days or more. Now, that may be too high a number. It might be more like 14 or 20 or some lower number. But this would give you a comparison as to how the number might come down if you take an alternate assumption.

We also included children up to 18 rather than cutting it off at age 14.

The Chamber assumed that one parent would take off one day for every day the child was absent from school. We made the same assumption. But the difference in the estimate comes down to the fact that the Chamber used a significantly larger number of children and five days per child, which is the average from the statistics they used for all absences from school. We actually used a higher number, an average of 7.5 weeks but for fewer children, and assumed that the parent would take off for every day of that absence. That is probably high, also.

That gives us an estimate of about 5.3 million lost work weeks as compared to 19.2 million for the Chamber. And I would say that I believe we will be able to refine that estimate somewhat more. In particular, for those statistics on 30 or more bed-days lost by children, we found that only about 21 percent of the households involved there had both parents working. The rest—79 percent—were either two-parent households with only one parent working or were single-parent households. Since the likelihood of a parent taking off would probably be less in a household where only one of the two parents worked or in a single-parent household, that number would probably come down a bit more.

In terms of the temporary medical leave, the Chamber used a methodology which seems generally sensible. They tried to estimate using two databases—the current population survey, which gives you an estimate of all those persons who are out of the labor force because of disability or injury, and they subtracted from that the number of people who are on Social Security permanent disability, thereby trying to make an estimate of those on temporary disability.

We have not looked at those statistics enough to know just how we feel about them. However, we used an alternative methodology using national health statistics again, and we took those over age 18 in the work force who had 30 or more days in bed for some illness or another during the year, and we used the average length of time people would be absent from work which was 8.2 weeks. The Chamber in turn used the equivalent of the same number of people for a full 26 weeks for every illness, which is not realistic. A lot of the people who are temporarily disabled get back to work a lot faster than that.

They also assumed that everybody would be replaced. I think with a number of 8.2 weeks, which we calculated for the average length of absence, employers would be less likely to replace people than they would for 26 weeks, so that not all would be replaced. As in the case of parental leave, a lot of work would be redirected to others, and when they did replace workers, the cost of replacement would probably not always be much higher than the cost of the person who was being replaced.

Finally, in this case, the Chamber did not take into account those companies that have policies that would provide unpaid leave or those companies that may not have policies but are nonetheless going to make accommodations for people who are seriously ill or injured. And they did not take into account five States in which temporary disability insurance is already in place and where by law, people can take off for an extended period of time and be at least partially reimbursed for their loss of salary.

Overall, those things reduce the cost estimate substantially, although we are not in a position now to fix on a new estimate. We have a lot of work to do before I make an estimate.

Finally, I would like to talk a little bit about the question of productivity loss, which figures fairly heavily in the cost estimates for two of the provisions—the ones for parental leave for a new child and the provision for temporary medical leave—about one-third of the estimate in fact.

The Chamber used what I would say is not an unsensible way to go about the estimate. They assumed that productivity goes up 3 percent each year that a person works for a firm. They then used a tenure figure for the average person who they thought was eligible for this kind of leave and multiplied that tenure figure times the increase in productivity each year and said that the average employee would be 10 percent more productive in their job than their replacement.

We looked at similar tenure statistics for what we thought was the prime group likely to take advantage of this leave; that is, working women of child-bearing age, in this case ages 16 to 44, which may be a little broad, we found the average tenure was about 2.6 years rather than 3.5, which is what the Chamber used. This brings the estimate down a bit as well.

Then there are a variety of other factors that I think the Chamber might have looked at, but did not really take into account in their estimate. I do not know whether we will be able to in our final estimate or not, but I think these things are worthy of noting.

The most important benefit that this bill provides, of course, as you noted, is job protection. But at the same time, it could produce a somewhat lower turnover for employers. In fact, some of the employers we spoke with said that they thought lower turnover was one good reason to offer this policy, and conversely they lost valuable workers as a result of not providing flexibility for their work force.

Also, when a competent employee loses his or her job, the economy also loses a productive worker. That worker must reinvest some funds in job search, and the employer who has lost that worker has to invest in recruitment and training costs, and the various estimates for that range anywhere from $2,000 to $8,000 per employee depending on the level and skills of that employee.

A somewhat unmeasurable benefit is also the morale factor. And in our policy at GAO, which provides for parental leave for both men and women, our managers and indeed the managers of the firms that we spoke with believe that it is an intangible factor that is worth something to them and that that morale factor, though unmeasurable, is something to consider in any kind of legislation. It may not be a consideration in passage, but I think it is a consideration in terms of looking at the impact upon employees.

That completes what I hope was an abbreviated statement, and we would be happy to answer any questions that you might have at this time.

[The prepared statement of Mr. Gainer, with an attachment, follows:]

United States General Accounting Office

GAO

Testimony

For Release
on Delivery
Expected at
9:30 a.m. EDT
Thursday
April 23, 1987

S. 249, The "Parental and Medical Leave Act of 1987"

Statement of
William J. Gainer, Associate Director
Human Resources Division

Before the
Subcommittee on Children, Families, Drugs, and Alcoholism
Committee on Labor and Human Resources
United States Senate

GAO/T-HRD-87-10

SUMMARY OF GAO TESTIMONY BY WILLIAM J. GAINER ON S. 249, THE "PARENTAL AND MEDICAL LEAVE ACT OF 1987"

S. 249 would provide job protection while permitting employees 18 weeks of unpaid leave to care for a new or seriously ill child and 26 weeks of unpaid leave due to their own serious illness.

The Chamber of Commerce estimates the costs of this bill at $23.8 billion. GAO believes the estimate is high because of a variety of assumptions it makes regarding (1) employee usage rates and (2) the likelihood and costs of replacing them. The Chamber also makes no offsetting adjustments for some likely benefits and savings resulting from this legislation.

Leave to Care for New Children. The Chamber assumed that 50 percent of working men and women with children under age 1, currently employed by firms that do not offer parental leave, would use the full 18 weeks provided for in S. 249; and that all leave users will be replaced by temporary help. National studies and an informal survey GAO made of employers who offer parental leave broadly analogous to S. 249 indicate that the number of users would be closer to half what the Chamber estimates; not every leave user will take the full 18 weeks; and firms sometimes reroute work, especially among managers and professionals, rather than replace employees with temporary help.

Leave to Care for Seriously Ill Children. The Chamber estimated costs based on the number of days a child is home sick during the school year. GAO believes the legislation excludes school days missed due to common colds and other illnesses lasting only a few days. By calculating the number of workweeks lost due to only serious illness and making other adjustments, GAO estimates the potential workweek loss to be about a quarter of the Chamber's estimate.

Temporary Medical Leave. The Chamber calculated usage of this provision by estimating the number of people not in the work force due to illness or disability and not receiving federal permanent disability payments. Using national health statistics to estimate the number of workweeks that would be lost by workers confined to bed for extended periods and reducing this number to account for states that already require some form of temporary medical leave, results in an estimated usage of about 25 percent of the Chamber's figure.

Productivity. The Chamber's cost estimate of "lost productivity resulting from inexperienced personnel," about one-third of its total for the new child and temporary medical leave provisions, is likely too high. It overestimates the difference in work experience, and thus productivity, between those using leave and their replacements. Another factor is that the Chamber omits any potential productivity gains and related savings resulting from reduced job turnover and improved employee morale.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today in response to your request that we critique the U.S. Chamber of Commerce estimate of the costs of S. 249, the "Parental and Medical Leave Act of 1987." At your request and Senator Specter's, we are developing an independent estimate of these costs, which we expect to complete in September. My remarks regarding the Chamber's estimate must therefore be viewed as preliminary. I would also like to mention that making estimates of this nature, as the Chamber and we are doing, is difficult and always subject to challenge because of a lack of hard data upon which to predict behavior and thus costs. Nonetheless, our work thus far is sufficient to comment on some of the key assumptions and data sources the Chamber used in developing its estimate.

In brief, we believe the Chamber's cost estimate is high because it used a variety of unrealistic assumptions about

- -- the number of people who would use unpaid leave and the length of their unpaid absences,
- -- the number of leave users who would be temporarily replaced, and
- -- the cost of hiring these replacements.

In addition, the Chamber made no offsetting adjustments for some likely benefits and related savings, such as improved employee morale, reduced turnover, and a more experienced, loyal, and committed work force. We recognize though, that some of these benefits are not readily measurable. Finally, the Chamber notes, but makes no adjustments in its estimate for the fact that employers may, to some extent, defray their costs by reducing other benefits.

I will elaborate on these points, but would first like to briefly explain the key provisions of the bill and the methodology we used in our critique.

KEY PROVISIONS

S. 249 would require federal, state, and local governments and any company employing 15 or more people to grant an employee (male or female) up to 18 weeks of unpaid leave over a 24-month period upon the birth, adoption, or serious health condition of a child. An employee could also take up to 26 weeks of unpaid leave over a 12-month period when a serious health problem makes it impossible for him or her to work. While on unpaid leave, employees would continue to contribute toward and receive health benefits on the same basis as if they were working. Other benefits, such as life insurance and retirement, need not be continued. Upon returning to work, an employee would resume the same job or an equivalent one. The legislation can be viewed principally as a job protection measure, although the health benefit continuance (and other factors) will result in costs to employers. The legislation would not apply to the 80 percent of all firms employing fewer than 15 people or the 20 to 25 percent of all workers who are employed by these small companies.

GAO's METHODOLOGY

Our first step was to examine the principal national surveys and studies of employee benefits and company policies related to parental and medical leave to obtain information on the extent to which leave similar to that guaranteed under S. 249 is offered by employers and used by employees. The surveys and studies, while limited in terms of both the amount of data they collected and the extent to which their findings can be generalized, do provide a rough picture of (1) the people most likely to use these benefits, (2) the kinds and sizes of firms that offer similar benefits, and (3) the costs and benefits that should be considered in analyzing this legislation.

We also used the Current Population Survey (CPS) to obtain demographic data on employed people, which allowed us to estimate the number of people likely to be covered by the legislation's provisions permitting leave to care for a new child; and National Health Interview Survey data to estimate the number of (1) parents likely to be eligible for unpaid leave to care for a seriously ill child as well as (2) workers who might take temporary medical leave.

Finally we conducted an informal survey of 15 large employers (generally over one thousand employees) having parental and medical leave policies broadly analogous to those mandated by S. 249. (For confidentiality reasons, we are not identifying these employers.) We asked these employers for information on the number of employees who used leave, the average length of absences, whether employees were temporarily replaced, and their reasons for adopting such leave policies. Information on actual leave usage was provided by only three employers, although another 10 provided estimates. Obviously, these data are not statistically representative of all companies that offer parental and medical leave. The behavior in such firms is also not likely to be predictive of how all employees and firms would respond if S. 249 were enacted. However, these responses do provide some insights into what might occur.

I should mention that we reviewed the Chamber cost estimate dated March 10, 1987, rather than the higher estimate provided in testimony before this Subcommittee on February 19. The Chamber currently estimates the total cost of S. 249 at $23.8 billion annually.

I will now elaborate on our findings.

LEAVE TO CARE FOR NEW CHILDREN

The Chamber's most recent estimate of the cost of this provision ($2.6 billion annually) assumes that 50 percent of all working men and women with children under the age of 1, currently employed by firms that do not offer parental leave, would use the full 18 weeks provided in S. 249. The surveys we reviewed and employers we spoke with indicate that few men use parental leave, but that perhaps as many as 75 percent of women use some unpaid leave when it is available. It is also unlikely that many single parents would be able to afford more than minimal unpaid absences. Married women represent 38 percent of those in the labor force with children under 1 year of age. Even if 75 percent of married working women use unpaid leave, the number of users would be closer to half the number the Chamber estimates.

We also think it is unlikely that all people taking this unpaid leave would use the full 18 weeks permitted, simply because not everyone could afford it. Furthermore, those who have sick and annual leave available would likely substitute some paid leave for the unpaid leave. Thus far, however, we have found no satisfactory data for estimating the likely length of usage.

The Chamber also assumed that all those people taking leave would be replaced using more costly temporary help provided by temporary agencies. It estimated the cost of such replacement hiring at about 18 percent higher than the costs of those replaced.

Our discussions with employers and our review of national studies, however, indicate that firms sometimes do not replace employees, especially those in managerial and professional positions. Companies will attempt to redirect their work among its existing work force. When firms use temporary help, they use a combination of temporary employment services and direct hiring, preferring of course to use lower cost direct hiring. Some firms maintain a pool of temporary workers, who are paid hourly wages but not fringe benefits, to cover employee absences. Large firms likely have greater flexibility with regard to these options than small firms, and small firms that rely on the specialized expertise of key employees may face even more difficult problems.

While we are unable to provide a better estimate of how many employees might be replaced at this time, it is clear that firms will neither replace all those taking unpaid leave nor will the costs of all temporary help be 18 percent higher than the costs of permanent employees.

The Chamber also assumed a significant productivity loss, a subject I will address separately.

LEAVE TO CARE FOR SERIOUSLY ILL CHILDREN

The legislation permits unpaid leave in order to care for a child who has a serious health condition. This is defined as an illness, injury, impairment, or physical or mental condition that involves (1) inpatient care or (2) continuing treatment or supervision by a health care provider.

The Chamber estimated the cost of this provision as $12.9 billion annually by using the average number of days children in the United States are home sick each school year (5 days), multiplying by the number of all school children, and assuming that one parent would be absent for each day of school these children missed. It then used a weekly productivity loss figure to estimate the cost.

We believe that a serious health condition as defined in the legislation excludes school days missed due to common colds or other illnesses lasting only a few days. For this reason, we think the Chamber's estimate is rather high. To elaborate, the intent of the legislation seems to be to allow absences for only those illnesses or accidents that would result in substantial bed time (although as now written this provision may need clarification).

Using data collected by the National Center for Health Statistics provides an alternate methodology. For example one could use the number of children who were confined to bed for more than 30 days during the year as a proxy for those with a serious health condition. Assuming that one parent would stay home for the length of the child's illness, as the Chamber did, up to a maximum of 18 weeks, would reduce the work loss to 5.3 million workweeks, or about 28 percent of the Chamber's estimate for this portion of the bill. Some parents would likely use their annual leave as part of the period of absence and others would find it too costly to remain off work for the entire illness, which would further reduce the Chamber's estimate.

TEMPORARY MEDICAL LEAVE

This portion of the Chamber's cost estimate ($8.3 billion) is based on (1) CPS data on the number of people not in the labor force because of illness or disability and (2) Social Security Administration data on the number of people collecting permanent disability payments. It is unclear to us whether the difference between these two figures is a good measure of the number who would be eligible for unpaid leave under the legislation. However, we know that the Chamber's estimate made no adjustment for five states (California, Hawaii, New Jersey, New York, and Rhode Island) that already provide temporary disability insurance. In these states a worker can take time off, with partial wage replacement, for short-term disabilities.

We did devise an alternative methodology using data from the National Center for Health Statistics on the number of days per year workers over 18 years of age were confined to bed. Using roughly the same methodology used for children and limiting absences to a maximum of 26 weeks, we estimate that about 18.2 million workweeks of unpaid leave could be used, or about one-third of the Chamber's estimate. When workers in the five states mentioned above are subtracted the estimate of lost weeks drops to about 25 percent of what the Chamber estimated. To the extent that firms currently offer employees extended unpaid absences and employees exhaust paid sick leave when possible, the incremental cost of this provision would be further reduced. It is also likely that many employers already make accommodations for extended absences when employees become ill or are injured.

PRODUCTIVITY

About one-third of the Chamber's cost estimates for the new child and temporary medical leave provisions are for "lost productivity resulting from inexperienced personnel." This productivity loss probably exists but is very difficult to estimate. Nonetheless we believe the Chamber's estimates are likely too high.

For example, the Chamber may overestimate the productivity loss by assuming greater employment tenure for absent employees with infant children than is realistic. It uses data showing that the median job tenure of men and women in the 25-to-34 year age group is about 3-1/2 years. Since the median child-bearing age falls in that age group, it used that figure, multiplied by a 3 percent increase in productivity per year of experience to arrive at a 10 percent (rounded) productivity difference between an employee in this age group and a less experienced replacement.

Since national surveys indicate, and firms with parental leave policies told us, that few men use unpaid leave, it might be more appropriate to use the median job tenure for married mothers age 16 to 44--which is about 2.6 years. If the Chamber's general methodology is used, the productivity loss would then be 7.8 percent rather than 10 percent, reducing the Chamber's productivity loss estimate by about 22 percent, before considering lower usage and absence length as discussed earlier.

Another factor is that the Chamber estimate omits any potential productivity gains associated with the legislation. The cost of this bill consists of incremental direct costs, which we've discussed at some length, less (1) any costs the economy is currently bearing by not providing these benefits, and (2) any possible offsetting reductions in other benefits. By presenting only the direct costs without discussing the benefits or any offsets, the Chamber looks only at one side of the balance sheet.

The most important benefit the bill provides is the job protection it offers, which could also reduce job turnover and in fact enhance average productivity. When a competent employee loses his or her job, the economy loses a productive worker, who must then invest resources in job search. The employer in turn loses an experienced worker and must bear the cost of recruiting and training a permanent replacement. As evidence that this is a real benefit, I note that during times of economic downturn, employers prefer temporary layoffs to firing in order to avoid the costs of recruitment and training.

Improved employee morale is likely another (perhaps unmeasurable) benefit of this legislation. An employee provided the opportunity to deal with important personal problems may feel more positively towards an employer. Conversely the parent of a seriously ill child, without the flexibility to take needed leave may be unable to concentrate fully on his or her work. If in fact such a parent is less than fully productive, the productivity loss resulting from a temporary absence diminishes.

Representatives of the larger employers we spoke with believe there are substantial benefits from their parental or temporary medical leave policies. One representative told us that, of the 180 women who used parental leave last year, only 4 did not return to work. She believed that the company benefited through the continued availability of its experienced work force. Another representative indicated that, because her company invested a great deal in its employees through training, retaining those experienced employees was cost-effective.

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Mr. Chairman, this concludes my prepared statement. I and my colleagues will be pleased to answer any questions you and the other members of the Subcommittee may have.

GAO

Key Assumptions in Determining Costs of Leave to Care for New Children

Issue	Chamber of Commerce Assumption	GAO View
Workforce Affected	Working parents with children under age one	Working married women with children under age one (38% of eligible population)
Usage	50% of parents would take leave; all would take full 18 weeks	75% of married women would take leave; not all could afford or desire 18 weeks
Number Replaced	Everyone who took leave	Not all who took leave (for some, work is redirected to other staff)
Cost of Replacing Workers	All replacements hired through temporary service agencies, which cost more than those replaced	• Some replaced through less costly direct hires • For some firms, temporaries cost less

GAO

Key Assumptions in Determining Costs of Leave to Be with Seriously Ill Children

Issue	Chamber of Commerce Assumption	GAO View
Definition of "Serious Illness"	All schooldays missed by all children age 5-14	30 or more "bed days" for children under age 18
Workforce Affected	One parent per child	One parent per child
Usage	5 days per child	Average 7.5 weeks per seriously ill child
Total Workweeks Lost	19.2 million workweeks	5.3 million workweeks

GAO

Key Assumptions in Determining Costs of Temporary Medical Leave

Issue	Chamber of Commerce Assumption	GAO View
Workforce Affected	Ill/disabled persons out of labor force minus social security permanent disability beneficiaries	Workers over age 18 with 30 or more "bed days"
Usage	All would take the full 26 weeks	Average about 8.2 weeks
Number Replaced	Everyone who takes leave	Not all who take leave (for some, work is redirected to other staff)
Projected Cost to Replace Workers	All replacements hired through temporary service agencies, which cost more than those replaced	• Some replaced through less costly direct hires • For some firms, temporaries cost less
Extent Now Offered	Not taken into account	Costs reduced by firms already providing benefit

Senator **Dodd**. Well, I thank you for that very much.

Mr. Backhus or Mr. Spaulding, do you have any comments you would like to make at all, either one of you?

Mr. **Backhus**. Not at this time.

Mr. **Spaulding**. No.

Senator **Dodd**. All right. Let me ask you a couple of things. First of all, let me thank you for your testimony and again emphasize this was done in a fairly short period of time. You are dealing in areas where it is not a simple matter to affix a statistic or a number. As you point out, how do you calculate morale, other than by knowing that when you do not have it, it costs. But how much do you lose? It is a very difficult thing to estimate. But I do not know if anyone would really argue with you over the notion that job security during a family crisis benefits everyone—the family and the employer.

I do not know how familiar you will be with my next theme, but let me raise it with you anyway. If you are not, then maybe you would care to comment in writing.

We have a problem today, but frankly, I am far more concerned about what I see as an emerging problem; it is going to get a lot worse if we do not really begin to address the fundamental question of family security and job security.

I see our economy as an economy in dramatic transition. It is just changing tremendously before our very eyes. We have a tremendous amount of rhetoric. You see the frustration in trade questions that come up, and competitiveness, and all these things. I am not suggesting that much of what we are proposing may contribute significantly to ameliorating that problem, but it seems to me at the core of the problem is the failure to recognize that we are in tremendous transition. The work force in America is changing dramatically.

Now, I am told by the Department of Labor Statistics, for instance, that between now and the mid-1990s, almost 80 percent, somewhere between 75 and 80 percent, of all new hires will be women and minorities. That statistic would be higher if we did not have another illegal alien or undocumented worker come into the country. Present law allows for half a million immigrants a year to come into this country. Traditionally, women, minorities and newly arrived people in this country are usually at the poorer levels of the economic spectrum, and the least prepared to enter a job market that is growing more sophisticated all the time. So you have this emergence of a work force, the new hire force, simultaneously as one that has some problems. And roughly 80 percent of the women in the work force in that period that I am talking about will be of child-bearing age. In fact, today, 50 percent of all women who have a child under the age of one year are in the work force, and that number is going to grow.

So then we have the associated problems of latchkey kids and drug abuse and many other things. Whether a person is out of work, or does not have job security, or is dependent upon a State or a Federal program for economic security, there is a whole host of problems that can emerge with their children.

Social scientists will argue about how much of an impact that has, but most accept the notion that there is a relationship there.

So you have that serious problem of the deterioration of family along with the serious problem of an economy in transition. While it would be ludicrous to suggest that this bill solves these problems and I am not suggesting that—it seems to me the bill contributes at least some solutions down the road.

What I would like to solicit from you if I may is just some confirmation of those statistics I have just cited. I would also like to know you share my assessment in looking at this legislation.

Mr. **Gainer**. Well, I think the numbers are just about right. I always like to use round figures so that I cannot get pinned down, either. I think in the case of the new entrants, the number that was in Workforce 2000 was about 79 percent would be women or young minority youth. And we are pretty sure of what is going to happen there, because those people are all there, and there is nobody else there in the economy today, so we are not looking that far into the future.

But that is not the only trend involved here. I think this bill fits into what is happening in a couple of ways. First of all, an awful lot of employers, particularly since enactment of the Pregnancy Discrimination Act, are moving in this direction anyway. Every indication is that in a lot of ways, we are moving into a labor shortage in the future, and employers are going to do a lot of things to be competitive anyway. That will probably in the longer term mitigate the cost of this bill even further.

But we need those women if we are to have a growing economy. We need those single parents that are coming into the work force if we are going to be able to continue to grow in this economy. And so I think it is an accommodation that employers will eventually have to make anyway. And what your bill may do in essence is take care of sort of the fringe employers who for some reason do not have to or do not feel they should provide reasonable accommodations to their employees when they are in time of crisis. So I think you are sort of fitting into the way the market is going. I have to say, though, that I do not think it will be a big factor in competitiveness, either, but it also does not go against the general direction that employers are moving in this country and that I think the work force is moving.

Senator **Dodd**. Well, you are absolutely right in your observation. I, just this past week, spoke to a group of chief executive officers of some of the top Fortune 500 corporations in the country. They happen to be located in my home State of Connecticut. We have a very significant number of Fortune 500 corporations' headquarters located there. And I will tell you that several of the chief executive officers at a general discussion breakfast meeting we had were rather surprised at business opposition when the subject of this bill came up because they already have a program.

Andy Ziegler, at Champion International, has a program, and they have had it for some time and find it to be very effective. And they are somewhat startled when they see the kind of opposition to this bill.

The corporations like IBM, for instance, which has an industry-wide childcare program and has had one for a number of years—and the Southern New England Telephone Company, which employs 14,000 people in my State, and has had parental leave for ten years, and it works very, very well for them—they have no problems with the bill. Unfortunately, it is employers where the tremendous percentage of their work force are women or minorities who have a problem. The business opponents are not recruiting the B.A. or the person with an M.A. or a Ph.D. and so forth and that is really more where the problem lies. Also the problem with the family issue is probably more likely to exist there at that lower economic scale.

So as an upscale issue in a sense, yes, a lot of businesses are doing this because they realize to attract that M.A. or to attract that person who is being highly recruited, particularly women, they need things like a parental leave policy.

When you go further down the economic scale, it becomes less of an issue, and that is where the problem becomes more pronounced.

So I agree. Believe me, I do not believe in proposing legislation where the need is being met or you have a real move in the direction to do this. It is silly to have a government-mandated program, if in fact, the problem is being resolved. But I do not get a sense at all that that is the case from the community at-large.

If you can, tell me a bit about your plans between now and September. I do not want to try and pin you down. And, I am not looking for data, obviously, because you cannot give me that. But, I'd like to know what you will be looking at with respect to completing the assessment that Senator Specter and I requested. Could you just address generally what things you will be looking at?

Mr. GAINER. By and large, we are going to continue to look at the issues and the kinds of costs that the Chamber highlighted in its estimate. We think by and large, they have identified the areas in which there is or may be cost. Even those areas where they did not make an estimate, they did identify the issue. And we are going to try and look at, say, the differential effects of this kind of legislation by size of firm. Everything we have done to date, and pretty much what the Chamber did, was to use a single average for every kind of employee and every kind of firm. And we will try and disaggregate a bit and look at things by size of firms and by type of employee and see if we can make some more refined estimates based upon assumptions about smaller groups and see if you come out with a substantially different number when you do that.

We will also try and get a much better fix on what data sources are really useful and relevant to this kind of estimating and produce our own estimate then and provide that to you in September.

Do you have anything to add?

Mr. BACKHUS. Just a little bit. One of the key ingredients in making an estimate is obtaining information from companies. I think at this time there is a real lack of hard data. One of the most important things we are going to do is to get information from companies that offer parental leave policies. At this time there is very little hard data showing the extent to which the policies exist and how long people take off work.

We will make some attempt to contact a larger number of firms so that we can come up with some original utilization data, which I think is the key to estimating the costs of this legislation.

Senator Dodd. Well, to the extent we can be of help at all in that, we will. I do not know how appropriate it is to ask us to assist in trying to help identify businesses, but we would be glad to try.

Mr. Gainer. We think it is appropriate, and we often ask for that kind of help if we have difficulty.

Senator Dodd. Well, let us know if we can. We will be delighted to help in that.

Mr. Gainer. Thank you.

Senator Dodd. I have one other thing I would like to ask you to do.

You pointed out earlier, and I think it is important to emphasize, that this bill exempts 80 percent of all of the 6 million employers in this country. So, 80 percent of firms are not included under this bill, and 25 percent of the work force is excluded.

Now, arguably, if you are going to exclude that many businesses, the question arises, why the legislation? But I happen to believe that if you start imposing something like this on employers that employ less than 15 people—and that is where the 80 percent and the 25 percent come from—that you really are placing a heavy burden on a small operator who could really be put out of business because of the loss of a third of his work force at any given moment.

I would really like you to look, if you could, at the small business questions raised by this bill. If you could focus on businesses with more than 15 employees who still are classified as small in terms of costs and savings, I would appreciate it. But I would like some special emphasis on the smaller entrepreneur, or business venture, because they are in a special category. SNETCO, which employs 14,000 people, obviously has a far greater ability to absorb costs than someone who employs 25 or 30 people. So if you could, focus on the smaller employer and survey smaller firms that may have these programs already.

Mr. Gainer. We in fact intend to do that. One of the things that is most interesting about trying to get a fix on this is to see how small employers cope with these kinds of situations now.

We are pretty sure that every small employer does not fire every employee that has a personal crisis or has a new child. We know that does not happen now, and we are going to try and get an idea in a somewhat more quantitative sense as to just how people cope with these things and what the mechanisms are, and hopefully, a better fix on what the costs of making those adjustments are.

Senator Dodd. I have spoken to countless business groups now on the bill, and they have had some very good suggestions on how we might improve it, from their perspective. One owner made the suggestion that maybe we would have a grace period before an employee could take advantage of this, his fear being that someone comes to work, is there for a week or a month or something, and then is gone. He said he would feel more secure, after having invested the time in training a worker, in having the employee work for a set period before qualifying for leave. Then, the owner would be more assured the worker would return. That was one idea.

Another suggestion was to look at broadening the exemptions in this bill. Right now, we exempt firms with 15 or fewer employees. I spoke to one group where highly-skilled or trained people—a pharmacist, for instance, are hard to find in rural areas. Where you have highly-specialized people that are very difficult to replace, then we may have to consider some exemptions. I tell businesses that there are very few things that are written in concrete in this bill. There are some things. But I am open to any suggestions and ideas they might have on how we make this a better bill. In fact, I think there is somewhat of a reluctance on the part of some to make suggestions because they do not want to make it a good bill.

Mr. GAINER. They do not want to make it too attractive.

Senator DODD. Lastly, I would just ask you if you would look at the small business associations. I understand the National Federation of Independent Businesses is doing a survey themselves, and it may help to take a look at that survey to see what they are asking. I do not know how willing they will be to give you data as they collect it, but it would help. The National Association of Women Business Owners, representing almost exclusively small business, I think also may have some access to some data as well, and I would urge you to take a look at both of those organizations for some help on this.

Again, I thank you for being with us here this morning. It has been very helpful, and I look forward to working with you over the next several months.

Thank you.

Mr. GAINER. Thank you very much.

Senator DODD. Our next panel of witnesses includes two families that have experienced the serious illness or injury of a child. It also includes the Executive Director of several Ronald McDonald Houses designed, as I mentioned earlier, to keep parents close by the hospitals where their children are being treated.

I would like to ask Jack O'Connell, who is from the Connecticut Hospice in Branford, Connecticut to step forward. Jack is a constituent of mine. He is employed as the head chef at the Connecticut Hospice in Branford, and he was able to take leave to stay with his daughter when she tragically lost her arm in an accident two years ago. So we would like to hear about your experience if we could this morning, Jack. You are very gracious to come down. We would also like to hear your thoughts on the importance of having a parent stay with a child who has been suddenly hospitalized.

David Boggs and family, from Myrtle Beach, South Carolina, is here as well. I would like to ask the Boggs family, his wife Nettie, and his three children, Jonathan, David and Mary Lynn to come and join us here as well. I understand you are a travelling salesman, Mr. Boggs, with H&M Distributors, representing several paperback book publishers, and that your wife works at a restaurant in Myrtle Beach. Your son Jonathan has had some significant health problems since birth and has had to spend a great deal of time in and out of hospitals. So we look forward to hearing your family experience this morning.

And lastly, Jan Deering, who is the Executive Director of Ronald McDonald Houses in Wichita, Kansas. In addition to directing the Ronald McDonald Houses in Wichita, Ms. Deering is also the former public policy chair of the Association of Junior Leagues Board of Directors and the former President of Kansas Children's Services. So we have an expert in Ms. Deering this morning. I would like to thank her, by the way, for agreeing to come out here to testify on very short notice. We appreciate that immensely. It was very gracious of you to do it.

Unfortunately, I would add that representatives of several other Ronald McDonald Houses around the country were asked to come, but frankly did not feel they could and did not want to appear at a public hearing—that was the very candid response we received from almost everyone we talked to. I think it is regrettable that they would feel that they could not come and comment about the importance of Ronald McDonald Houses to families. But given the association locally with businesses and so forth, they felt they would be in some jeopardy for doing so. And that was the answer we received from most of them.

So we thank you for coming here this morning to talk about this bill and what these homes have meant to people around the country who have been faced with a tragedy, as some of our witnesses here can testify to.

We will begin with you, Mr. O'Connell. You are from Connecticut. Connecticut people in this Committee get first crack.

STATEMENTS OF JACK O'CONNELL, CONNECTICUT HOSPICE, BRANFORD, CT; DAVID BOGGS AND FAMILY, MYRTLE BEACH, SC, AND JAN DEERING, EXECUTIVE DIRECTOR, RONALD McDONALD HOUSE, WICHITA, KS

Mr. O'CONNELL. Good morning.

Thank you, Senator Dodd and Committee for the opportunity to appear before you today. My name is Jack O'Connell, head chef at the Connecticut Hospice. I am the father of three children ages 16 through 19. My wife Sheila and I are both full-time employees.

Through the years, life has prepared us for illnesses and small tragedies that children experience, but nothing prepared us for the tragedy that happened to our child, Jodie.

On June 22, 1985, working at her after-school job, she had her arm pulled into a meat grinder, which resulted in the loss of her right arm from the elbow down. Because of this, I am here today to give you my views of what a working parent goes through when their child has a sudden and serious injury and why time off from a job is crucial for parents to help a child and family recover.

Sheila and I had to figure out a way we could both stay at the hospital to support our child during this tragic time in her life and still maintain a family relationship with our other two children at home, while keeping our full-time jobs.

When we were told of the accident, we were both devastated. We did not know at that time she would lose her arm. We thought it would just be crushed fingers. In the emergency room, when they told us they would have to amputate her arm, my first thought was how would she take this emotionally, being that she is a very vain and beautiful girl. Thoughts of whether or not she would commit suicide or how she would live with this were very real. How would her boyfriend react, and her friends? How would she compete on the swimming team again? What was her future going to be?

In our hearts, we knew we had to stay with her for however long it took for her to be secure in life again. We stayed at the hospital for 24 hours a day for the first week. The doctors in charge encouraged Jodie to see a social worker in order to help her deal with the emotional loss of a limb. This did not work out well with Jodie. With tears streaming down her face, Jodie said, "I do not want an outsider to help me. I want you, my Mom and Dad. No one understands me more than you do."

Sheila and I know social workers are trained for this, but at such an emotional time, we knew we had to do what Jodie was comfortable with. She wanted us to talk to, to comfort her, to love her and to protect her at this time.

I knew then that I had to be in complete charge, being that Sheila and I know Jodie and know what is going on in her head.

Discharge from the hospital came eight days after the accident, because Jodie's doctors wanted her home as soon as possible, understanding the importance of the security of her own home and her own room. The main concern was the ability to have someone home with her, not only for Jodie's emotional support, but for her physical care as well.

She needed to be bathed, fed, dressed and have her bandages changed every three hours. We knew then that this was going to need a full-time commitment from Sheila and myself. Jodie asked us if one of us would be able to stay home with her, or would she have to have a private nurse. Our reply was if one of us had to quit our job, we would be there until she did not need us anymore.

I worked at the Connecticut Hospice and was able to take as much time off as necessary to care for my daughter at this crucial time, which was approximately one month. Due to employees on vacation, my wife was not able to take time off. Hospice care is based on caring and support for the terminally ill and their families. The care is also extended to us, the caregivers. Hospice informed me that I could take as much time as needed to be with Jodie and not to worry about my job security.

My supervisor informed me that she had spoken to the President of Hospice and Hospice was willing to let me use my sick time so I would not get into financial difficulty.

After the initial month, I was out of work one given day a week for almost six months, taking Jodie to Newington Children's Hospital for therapy and fitting of a prosthesis. She also had to be trained to use this just as a young child would have to be taught how to eat and lift things, not to mention the emotional stabilizing which had to be in place every day.

With the understanding and support from Hospice, I was able to work flexible hours. Knowing that I had job security gave me a great deal of piece of mind at this very difficult time. This has helped more than anyone could imagine.

After going through this tragedy and thinking back, I knew then and I know now, for sure, that I could not have been able to perform my job at that time in my life. People should understand that when there is a tragedy in a family, like a serious illness, et cetera, a person cannot concentrate and perform what he or she was trained to do under these circumstances.

Without this time off, Jodie may never have overcome the depression and fright of going through life with only one arm. Because of the gracious support and understanding of Hospice, I was able to care for my child Jodie and give her the security, love and attention she needed to help her feel whole once again.

I thank you for the privilege of testifying before this Committee, Senator Dodd, and since it is my first time in Washington, I am going to see it.

Thank you.

Senator DODD. Good. Enjoy it. That was very helpful.

How is your daughter doing today?

Mr. O'CONNELL. She is doing very well. She has accepted everything, and she accepts the artificial arm, and she is mentally capable of handling life now.

Senator DODD. We are all delighted to hear that as well.

The Boggs, welcome. Nice to have you up here from South Carolina. We are delighted to receive your testimony, Mr. Boggs. Are you going to be the family spokesman?

Mr. BOGGS. Yes, sir.

Senator DODD. All right.

Mr. BOGGS. Good morning. My name is David Boggs. I live in Myrtle Beach, South Carolina with my wife Nettie and three children—Mary Lynn, David and Jonathan. Jonathan was born with severe tracheal stenosis.

I am not a professional person. I am an ordinary salesman with a book distributing company. My words may not be as eloquent as some who have testified, but they are from the heart, and I thank you for the opportunity of speaking with you.

I would like to say that neither my wife nor myself have lost a job because of Jonathan's sickness. However, there have been times when I have not been able to go to the hospital with Nettie and Jonathan because I was afraid I might lose my job.

One time when Jonathan was very small, we were still not sure whether he was going to live or not. My employer told me, "If you want a day off, do not use your son for an excuse." Now, people, this hurts. Deep down inside, it hurts. It is not bad enough to be at the hospital, worrying about your child, without having to worry about your job when you get home.

Nettie had to give up a better-paying job once because even though she was not there, she had full responsibility of what took place when she was out. The strain of this was more than she could handle.

A few weeks ago, a friend of our daughter-in-law did lose her job because of being out with a sick son. It was not a minor ailment. He had been diagnosed as having a very serious kidney disease. When she got back home from the Medical University of South Carolina, she was told she no longer had a job. Needless to say, she was devastated.

She and my family are not the only ones. You may not be aware of it, but there are over 10 million handicapped children in the United States today.

Jonathan has been put to sleep between 140 and 150 times. After this many times, you lose count. Each time, the anesthesiologist says to you, "You know there is a possibility he will not wake up."

At this time, it is important for the family to be together. I sure would hate to have to call Nettie and tell her that he did not wake up or, on the other hand, have Nettie call me at work and tell me this.

If you have children and your children have not been in the hospital, consider yourself blessed. If they have, I am sure you feel a kinship to us, as we ask you to consider this bill with much thought and soul-searching for the benefit of those millions of parents like Nettie and I, who have been given special children to care for.

My wife and I thank you for the opportunity of sharing with you.

Senator DODD. Thank you very much.

Is this Jonathan?

Mr. BOGGS. Yes.

Senator DODD. Hello, Jonathan. Have you ever been a witness before the United States Senate?

Mr. BOGGS. No, sir.

Senator DODD. It is nice to have you with us this morning, Jonathan. You look pretty good in that green jacket.

Ms. Deering, welcome. Thank you for coming.

Ms. DEERING. Thank you, Senator Dodd.

Good morning. I am Jan Deering. I am the Executive Director of the Ronald McDonald Houses in Wichita, Kansas.

Senator DODD. Can you speak right into the microphone for us so we can pick it up?

Ms. DEERING. Yes, sir.

I am also a former Public Policy Chairman and Member of the Board of Directors of the Association of Junior Leagues and past President of the Kansas Children's Service League and Accent on Kids.

Today, there are 105 autonomous, community-supported, nonprofit Ronald McDonald Houses throughout the world whose purpose it is to provide temporary lodging as well as a visible support system to families of critically ill or injured children who are receiving medical treatment.

Wichita, Kansas currently is the only community in the world with two Ronald McDonald Houses. Since opening in 1983, these two houses alone have provided a home away from home for nearly 3,000 families from 96 Kansas counties, 17 other States and two foreign countries. These are families from all walks of life, enduring their worst of times, for their child, their most precious possession, is hurting. He or she has leukemia or a brain tumor or diabetes or needs a liver or kidney transplant or is burned or paralyzed from a car accident or a gunshot wound or has spina bifida, or had his legs cut off because he fell underneath a moving train, or perhaps had the misfortune to be born prematurely and weighs a pound and a half.

The entire family unit is affected during these devastating times, in a myriad of ways. And the role of the Ronald McDonald House encompasses far more than simply providing a bed. We know, and the medical community supports the fact that it is very important in recovery and of course in survival, for parents to be actively participating and be as close by as humanly possible.

Therefore, Ronald McDonald Houses are located within walking distance of the medical centers where children are receiving treatment. In addition, when a child with cancer is receiving outpatient chemotherapy or radiation, the child, his parents, even his brothers or sisters, can remain together as a family unit in a homelike atmosphere with other families and children undergoing similar treatment outside the sterile hospital environment. These families find a built-in support system among the other families staying at Ronald McDonald House who have already been there, who have been down this road just as Mr. O'Connell and the Boggs have been, who have been down the road ahead of them and are now beginning the journey to recovery.

Ronald McDonald House is there for and used by any family of any child, no matter what their socio-economic level may be. Our Wichita Houses operate constantly at full capacity, always with a waiting list. I think maybe I can provide some assistance to you here from our vantage point of average stay. We find the family's average stay may be about four to five days.

Now, this might be a one-time stay, or it might be a monthly or six-week stay over a period of several years of four to five days, or in some cases, a prolonged stay. Our longest one so far has been a continuous stay of seven months.

Today, I am reminded of a family from a small town in Western Kansas who stayed with us for several weeks recently. Their three year-old son was receiving treatment for third degree burns to his head and face and neck and torso and just about everyplace else as a result of pulling a pot of hot grease off the stove onto him. There was no question in the minds of this non-English-speaking mother and father of six other children of where they should be at that time—regardless of the fact that the father's job as a migrant farm worker was lost the minute he failed to show up for work, even though his boss knew of the circumstances.

Their primary concern and their responsibility, as I am sure all of ours would be, was to be there for their terrified child when he needed them, to talk to him, to reassure him—in this case, in the language that he understood—to comfort him, to love him, to encourage him to be very brave, and most of all, to want to live.

After the initial shock and crisis, and the child is stabilized, these parents, like all the others, begin to deal with the other issues facing them—the guilt, sometimes the blame, the scars, the upcoming surgeries, the fears, and all the other unknowns, and of course, how are we going to be able to afford all of this—and if there is no job to return to, how can we? Or if that child must return every six weeks for an expensive chemotherapy treatment, when his hair falls out and he is vomiting three to four hours a day, what then? Can we be there? Can he cope, and can we cope?

The stress on these families is unbelievable, and it takes its toll physically as well as mentally on all of the family. Statistics of divorce run in the 90th percentile following such a traumatic experience. It does not draw a family closer together, despite what some people might think.

The long-term implications are serious and complex, both to individual families and, has been mentioned before, to society as a whole.

At Ronald McDonald Houses, I have listened and sometimes translated many times as these caring parents met together long after the hospital visiting hours were over, seeking and giving encouragement, advice and support to each other as they begin to pick up the pieces. More often than not, the subject inevitably turns to the concern over the actual or possible loss of their jobs. Imagine, if you will, what it would be like to cope with having to choose between going to work or being there for your child while he or she was undergoing a bone marrow transplant or a skin graft, or just fighting to breathe, or when they begin to ask the question, "Am I going to die?"

Three issues, then, seem to surface here. First, that of parents accepting responsibility for and caring about their child effectively, as well as caring about and supporting each other, which finally may salvage that damaged family unit.

Secondly, employee and employer relations. Guaranteed unpaid leave enables parents to be where they should be when they need to be. This fact alone, I believe, would increase loyalty to a company and in the final analysis, increase that employee's productivity when that crisis has subsided and they can return to work.

Third, it is a reality today that hospitals expect at least one parent to be with their child to provide routine attention and care. New regulations have caused hospitals to reduce their staffs enormously across our country and especially in the pediatrics departments.

The legislation that we are discussing today can assure that all of the above can happen. Surely, it is not a threat to anyone. Rather, I feel it is a plea for and a chance for compassion and caring from and for each of us should any of us ever encounter such a tragedy as these two families have that we have heard from today.

I implore this Committee to seize the opportunity also to do something for families, and I implore them to do it as soon as possible.

Thank you for the privilege of appearing today.

Senator DODD. Thank you for that excellent testimony.

Let me ask you, Mr. O'Connell and Mr. Boggs, are you yuppies?

Mr. BOGGS. No, sir.

Senator DODD. I did not think so. You do not look like a yuppie to me, Mr. Boggs, at all. But you know, this bill has been called a yuppie bill. Do you know what a yuppie is? Do you know what that stands for—young, upwardly professional, mobile—whatever it is. But I think it is important, because many have said this bill is only for those who can afford it.

Now, you do not look—maybe you are a millionaire—you are not a millionaire, either?

Mr. BOGGS. Far from it.

Mrs. BOGGS. Not after the medical bills, anyway.

Senator DODD. And Mr. O'Connell, you are not a millionaire?

Mr. O'CONNELL. No, I am not.

Senator DODD. And you are not a yuppie?

Mr. O'CONNELL. Neither.

Senator DODD. The important thing, I think, is that even though this leave is unpaid, it is still needed. Did you find in your case, Mr. O'Connell, that it would make a difference, paid or unpaid?

Mr. O'CONNELL. It would not have made any difference to me, no. My wife was working at the time, but I would have had to be with Jodei, and whether it was paid or not, one of us had to be there.

Senator DODD. Let me ask you, Mr. O'Connell. One of the things I was intrigued with when SNETCO from Connecticut testified was that very few men, where there have been parental leave policies, have taken advantage of it. In your case, because you could get the time off without your job being in jeopardy; you were in that situation, but your wife was not.

What sort of special relationship develops as a result of that? It is not uncommon that normally, when we think about parental leave, it is the mother who assumes the responsibility. And I want to come to you, Nettie, in a minute, because you had a special circumstance as well on the other side of this.

But could you talk about that a little bit in terms of being a father with his daughter?

Mr. O'CONNELL. Well, men were brought up to be tough and hard, and this changed me quite a bit because my wife could not be there with the child, and it affected her also that she could not be there. So I had to do her part and mine, and I think it made more of a man out of me, and my daughter respects me more for it. We both knew we had to be there. This is when we had to give our love. And if you cannot show it then, when can you? And so to be there, it meant a lot to me, and it meant a lot to Jodie, to see that her father would take the time or would leave a job to stay with her and protect her. And it made quite a difference in our relationship.

Senator DODD. Nettie, tell me if I am wrong. But I understand that when you were ready to leave your job, your employer told you that if you did, and anything went wrong when you were not there, you would be responsible. Is that right?

Mrs. BOGGS. That was basically what I was told, yes, that even though I had to have the time off, and they understood that, but I was still responsible for what went on when I was not there.

Senator DODD. Well, how did that affect you?

Mrs. BOGGS. Well, when I would get to the hospital I would think, "Gee, I need to be back at work." And I was always down there, rushing them to get Jonathan out of the hospital so I would not lose but one day, and this sort of thing. And when I was at the hospital, I would feel like I would need to be at work. And then at one time, David did get some time off, and he took Jonathan, and I did not go. And I was a complete nervous wreck. I could not do my job there. When you were in one place, you felt like you needed to be in another, and I thought this is not worth it for my child. I would much rather be with him than this job. So I changed jobs to a job that pays less, because this was a supervisory type job that I had where I made a bonus every six months, made a good bit more money than I changed jobs for—but I would still do it again for my child.

Senator DODD. How difficult was it for you to find the new job?

Mrs. BOGGS. Oh, it was not hard for me to find another job, because the minute I gave my notice, a man came and hired me, even before I left the job I was on, because he knew the quality of work that I did. And I do not mean to sound like I am bragging, but he did want me there. And he understood, of course, from the very beginning about Jonathan. And on that job, I can truthfully say that he never questioned; when I said I had to go to the hospital, that was it. And like he was saying a while ago, his secretary was out, and they had to double up to get this work done—and that is what they would do for me.

Senator DODD. You both used the Ronald McDonald House?

Mrs. BOGGS. Oh, definitely. In fact, they featured our family in a film to raise money for our Ronald McDonald House—we call it "our"—in Charleston. They showed it all over the State to raise money for this. It is the most fantastic thing. We went to Charleston for about seven years without anywhere to stay, and it is just fantastic, these Ronald McDonald Houses.

Senator DODD. Did your first employer contribute to the Ronald McDonald House?

Mrs. BOGGS. Definitely not.

Senator DODD. Jonathan, how important was it for you to have your family with you going through those tough times? You have got an awful good smile.

Mr. BOGGS. Very.

Senator DODD. It was very important to have them there, and it made you feel better?

Mr. BOGGS. Yes, sir.

Senator DODD. I bet it did. We are lucky to have you with us today, too.

Mrs. BOGGS. Senator Dodd, I would like to say that Jonathan looks completely healthy now; however, he is not. We still have to go back to the hospital every three to four months to have his airways stretched out in order for him to breath.

Senator DODD. Well, we hope that situation improves for you, but we know it is important for you to have your family with you at this time.

Ms. Deering, again, your testimony hardly needs any questions. It was compelling. There is nothing like talking to someone who has been there and watched these things, rather than people speculating what it might be like.

But I wonder if you might give us some idea what kind of community support the Ronald McDonald Houses get. How active is the business community in supporting the Ronald McDonald House in Wichita?

Ms. DEERING. Speaking for my community or the greater Kansas area, the community is who built our Ronald McDonald Houses. In Wichita, we did not break ground until we had the houses completely paid for, and we raised around $2 million. And all of it, with little exception, came from the corporate business community. We decided to begin there; if we needed to extend further, we would. They responded graciously, and now our thrust continues with the business community, but reaches out into the State to the communities and the families we serve, not only individually, but businesses in those communities. We are serving their employees' families.

Senator DODD. Yes. My information is that that is not the unique situation.

Ms. DEERING. No.

Senator DODD. Is that yours as well, that around the country, everywhere you go, it has basically been the business community that has given the lion's share of support for these homes; is that true?

Ms. DEERING. Right, that is correct.

Senator DODD. Is that the case in South Carolina as well, that by and large, it has been the business community that has raised the money and supported the establishment of these homes?

Mr. BOGGS. Oh, yes, sir.

Ms. DEERING. You might be interested to know that this past year, the Wichita Chamber of Commerce awarded their most prestigious award, the Distinguished Community Service Award, to the Ronald McDonald House there, as well as to three businesses who had visibly participated in an extensive effort, including the Wichita Association of Homebuilders. The Chamber has supported this House, has written a letter of support to encourage it to come there, or in our case, encourage them—there are two Houses that we have—and we have found them very cooperative and supportive from a myriad of positions, not only the service it will provide people coming into that community.

Senator DODD. Let me ask you one other question, if I can, Ms. Deering. You mentioned about how important it was for families to be there in the hospital with the child. And I think a very important point, and one we have not heard yet, is that given the increased costs to hospitals and the diminished staffs and so forth, family involvement can be of great importance. I presume as well that part of the necessity, if you are talking about children like Jonathan who have ongoing medical problems, is for the parents to learn how to handle their childs medical requirements. Take children with kidney difficulties where dialysis would be important, for example. Such treatments are not just learned in five or ten minutes or even an hour. It takes some time for the parents to become familiar with those treatments and practices. It has to be difficult knowing that those treatments and practices are going to place significant financial burdens on that family, and then simultaneously knowing that by the possibility of being there to learn that treatment your job may be in jeopardy.

Do, you get much concern expressed in that regard?

Ms. DEERING. Absolutely. The families have to learn how to take care of these children before they are dismissed, before the hospital in fact will release them. That can include things as you mentioned, like dialysis or diabetes treatment. Both of those things take a minimum of two weeks. The child who has undergone a transplant, the family needs to learn all the signs of rejection to watch for. They need to learn to train a supervisor in home care. Many of these children are going to require care at home for a significant amount of time, whether both parents are back at work and they have a caregiver at home, or whether a grandparent or a concerned other person is there. The child who is permanently on a respirator or a heart monitor, those parents undergo extensive training and testing to be able to care adequately for this child.

In addition, there are support services that these families are going to need; the families who are recovering from the death of a child, they are going to need some time there, too. And certainly, the job protection, the support coming from that employer, is going to mean a lot. They told me it does; I know that it does.

Senator Dodd. Well, thank you very much. And let me thank you, the Boggs', and Mr. O'Connell. Jack, I hope you get a chance to see Washington while you are down here, since this is your first trip, and the Boggs as well. I hope they have a chance to do that.

I cannot thank you enough, really, for coming here. And Mr. Boggs, don't you worry—I have heard a lot of witnesses in my 12 or 13 years in Congress, and you are pretty eloquent. And don't you ever worry about not being eloquent at all. You said it very clearly and with a great deal of feeling and caring. And your testimony means as much as any expert witness we could have before us, or so-called "expert witness."

And Ms. Deering, again, thank you for coming on short notice.

The last panel includes two officials from organized labor—Gerald McEntee, who is the International President of the American Federation of State, County and Municipal Employees. Mr. McEntee was elected President of AFSCME in 1974. It is the Nation's largest public sector union, with over one million members. He started as an AFSCME organizer in Philadelphia in 1958 and went on to become the successful architect of unionizing Pennsylvania's more than 75,000 State employees. I understand that AFSCME will be releasing a public opinion poll with respect to parental leave today, so we look forward to hearing about that and about the concerns of the workers that AFSCME represents.

Rosemary Trump is the International Vice President of Service Employees International Union, Pittsburgh. We are also delighted to have Ms. Trump represent the 850,000 public and private workers who belong to the SEIU. They include service workers in the health, clerical, education and maintenance fields. And I understand that SEIU has also been doing its own surveys of employees, and we look forward to hearing about the concerns of their members as well.

Ms. Trump, we are delighted to have you here; Gerry, good to see you. We appreciate your waiting. We hope we have not inconvenienced you too much, but I think you just heard some very compelling testimony, too, so it was worthwhile to have you here.

Why don't we start with you, Gerry?

STATEMENTS OF GERALD McENTEE, INTERNATIONAL PRESIDENT, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES [AFSCME], WASHINGTON, DC; AND ROSEMARY TRUMP, INTERNATIONAL VICE PRESIDENT, SERVICE EMPLOYEES INTERNATIONAL UNION [SEIU], PITTSBURGH, PA

Mr. McEntee. Thank you very much, Senator. That sounded like my whole biography; it sounded like I was being introduced to give a speech—but thank you.

We would like to commend Chairman Dodd and the Subcommittee for holding this hearing on S. 249, the Parental and Medical Leave Act of 1987, which was introduced by Senators Dodd and Specter. We believe this legislation is long overdue and is a modest step toward squaring our public policy with the realities in late 20th century America.

Mr. Chairman, as you noted in your preliminary remarks and introduction, I am pleased to report that the overwhelming majority of American workers strongly support this important legislation. Two weeks ago, AFSCME commissioned a nationwide survey on parental leave and child care issues of some 600 working Americans, conducted by the respected Boston polling firm of Marttila and Kiley. The results speak for themselves.

When specifically asked whether they favored or opposed requiring employees to permit fathers as well as mothers to take up to 18 weeks of optional unpaid leave following the birth or adoption of a child, almost two-thirds of the respondents expressed their support. Even more significant, the AFSCME survey clearly shows where among the various income categories support for parental leave legislation is the strongest. And not surprisingly, parental leave is an issue with overwhelming support among lower- and middle-income workers. Fully 67 percent of respondents with household incomes under $20,000 and 72 percent with incomes between $20,000 and $30,000 a year indicated their support for the legislation.

Therefore, I think our poll results conclusively show that parental leave is not a so-called "yuppie" issue supported only by upper-income professionals. Rather, it has broad-based support along the entire income spectrum, with support strongest among lower- and middle-income working people.

Since we have heard so much about the allegedly dire consequences of S. 249, I would like to share with the members of the Subcommittee AFSCME's experience in this area. We are today releasing to the Subcommittee a study prepared by our Research Department, which surveys our major collective bargaining agreements on parental leave provisions. The study examines 85 agreements, covering 755,000 employees of State and local governments across the Nation, a sample of over 50 percent of the workers represented by AFSCME.

While our study does not purport to be a representative sample of all State and local governments, one conclusion which can be drawn is that a vast number of employees in the State and local government sector already have the right to take unpaid parental or maternity leave for periods in excess of 18 weeks. Ninety percent of the employees covered in the sample, or 650,000 people, already have a right to a leave of four months or more. Clearly, parental leave is a fact of life in the public sector.

Based on our experience, I think it can be reasonably concluded that S. 249 will not levy significant additional cost on State and local governments. I would suggest that this is one of the major reasons why the National Conference of State Legislatures, which represents State legislators across the Nation, recently announced its endorsement of the legislation. And if government at all levels can live with unpaid parental leave, then so can private industry.

Today, organizations and public officials of all political persuasions are claiming to be pro-family. To us, to be pro-family is to first accept the fact that modern families are likely to have two working parents, or may have only one parent who must work, and who also accept the fact that women are in the work force to stay, because they cannot afford not to be, and because our economy cannot do without them.

We are no longer in 1950, when only 12 percent of women with small children were in the work force. Once we comprehend this new reality, the next step is for us to determine how to help today's families thrive. An essential part of a pro-family public policy is to help ease the tension and conflict created by trying to balance work and family responsibilities.

Organized labor and employers have an important role to play. AFSCME will continue to negotiate with our employers for better wages, liberal parenting leave and fringe benefits, including child care, to protect and assist our union families. But Government, too, has an important role to ensure that there are minimum standards of parental leave and job security to which all workers must be entitled so no one need be forced to choose between job and family. S. 249 would establish such standards.

In closing, I want to briefly discuss one way we think you can improve this important legislation. Some 2.2 million workers are providing unpaid care for ailing elderly relatives. The caregiver is likely to be a middle-aged daughter herself, sometimes poor or in ill health. AFSCME urges the Subcommittee to consider amending S. 249 to include the language contained in H.R. 925, which provides job-protected leave to care for a seriously ill parent.

We think the difficulties experienced by a worker with an infirm, dependent parent are no less compelling than those of a mother or a father with a sick child.

Once again, I would like to thank the Chairman and the Subcommittee for holding this hearing, and I respectfully urge you to take favorable action on this extremely important legislation, and at the appropriate time, we would be happy to answer any questions that the Chairman may have.

Thank you.

[The prepared statement of Mr. McEntee, with an attachment, follows:]

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STATEMENT OF

GERALD W. McENTEE, PRESIDENT
AMERICAN FEDERATION OF STATE, COUNTY
AND MUNICIPAL EMPLOYEES

BEFORE THE

COMMITTEE ON LABOR AND HUMAN RESOURCES'
SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM

ON

S. 249, THE PARENTAL AND MEDICAL LEAVE ACT OF 1987

APRIL 23, 1987

in the public service

My name is Gerald W. McEntee. I am President of the American Federation of State County and Municipal Employees (AFSCME) which has more than one million members across the nation. I am pleased to be here today to testify before the Subcommittee in support of S. 249, the Parental and Medical Leave Act of 1987, introduced by Senators Dodd and Specter. I appreciate the opportunity to testify today, and I thank you, Senator Dodd, for your leadership on this issue.

It is AFSCME's position that this legislation is long overdue and represents a modest step toward squaring our public policy with the realities of work and family life in late twentieth century America. It provides an opportunity to move beyond rhetoric to concrete action in support of the family.

We are today releasing the results of a nationwide poll of 600 working Americans conducted for AFSCME by the respected firm of Marttila and Kiley. When asked whether they favored or opposed "requiring employers to permit fathers as well as mothers to take up to 18 weeks of optional unpaid leave from work following the birth or adoption of a child," 62 percent were in favor and only 33 percent were opposed.

The results of the AFSCME survey clearly show that parental leave is an issue with overwhelming support among the middle class. Fully 67 percent of respondents with household incomes under $20,000 and 72 percent with incomes between $20,000 and $30,000 supported the legislation. The least support (48 percent in favor) came from people with household incomes above $40,000 -- the only income group that was not strongly in support.

Our poll results conclusively show that parental leave is not a so-called "Yuppie" issue, supported only by upper income professionals. Rather, it has broadbased support among lower and middle income working people.

S. 249 should not be controversial. It merely provides that if an employee needs to be off the job to care for a new child or because a child is ill or because the employee is ill, the employee's job or a comparable job will be waiting when he or she returns. Employers who care about their employees should be providing such leave without having to be ordered to do so by law. Unfortunately, like equal pay and the eight hour work day, family leave will not be universally guaranteed without congressional action. While "voluntarism" and "flexibility" are attractive buzz words for American industry, the voluntary, flexible approach for many employers translates into no leave or very limited leave with no job guaranteed upon return.

Surveys of very large firms confirm that the vast majority provide some paid pregnancy leave with the right to return to the job, but just slightly more than half offer unpaid, job-guaranteed parental leave. So there are serious gaps in leave entitlements even among blue chip companies.

Most of the labor force, however, does not work for large corporations. Only one worker in six in the private sector works for a corporation with over 1,000 employees. The results of the National Council of Jewish Women's survey which covered a broad spectrum of industries and included both large and small employers showed that only a small minority of employers with twenty or more employees provide each of the components of S. 249. For example, only 12 percent provide 18 weeks of job protected, unpaid parental leave and only 26 percent provide 26 weeks of unpaid medical leave. Most revealing is that only one percent of these employers provide the entire S. 249 package! Clearly, if workers are going to be able to take needed time away from work without jeopardizing their jobs, legislation is absolutely essential.

Why do employers have such a poor track record, and why are they fighting this bill so fervently? Their primary excuse is cost. Cost seems to be the business community's "knee jerk" reaction to any measure benefiting workers. Wage and hour laws, OSHA, ERISA and the Equal Pay Act are all now accepted standards to which employers have adjusted. Yet when each of these laws was being debated, employer organizations predicted that if enacted they would send employers to the bankruptcy courts in droves. History teaches, therefore, to view the cost arguments of employer organizations with considerable skepticism.

We believe that cost is a particularly weak argument to be advanced against S. 249. Unlike measures such as minimum wage and equal pay, there are no direct costs associated with S. 249, except for the cost of continuing the employer's contribution to health care -- whatever the level of contribution may be -- during the leave period. While we recognize that there may be some costs for some employers occasioned by hiring and training temporary workers or in paying overtime premiums, this bill is hardly a big ticket item.

Employers apparently realize this and do not claim that this legislation will bring down Exxon and General Motors. Rather, they argue that it will be small employers operating at the margin who will be most severely affected.

We respond to this concern in the following way. In the first place, most small employers are exempted from this legislation as S. 249 covers only employers with more than 15 employees. State data from the U.S. Census Bureau reveals that employers with less than 20 employees comprise between 85 and 91 percent of total employers, and employers with less than 10 employees comprise 75 percent or more of all employers, except in Maryland and the District of Columbia. It may, therefore, be concluded that at least four out of five employers would be exempted from coverage under S. 249.

In terms of employees exempted, the bill as drafted excludes over 20 percent of all employees. We understand that proposals currently are being circulated to exempt all employers with less than 50 employees. We urge that the Subcommittee reject such proposals because they would result in almost half of all workers being denied coverage under the legislation.

Since we have heard so much from the opposition about the dire consequences of S. 249, I would like to share AFSCME's experience with you. We represent 1.4 million public employees in 46 states and the District of Columbia. These employees work for large state, city and county employers with tens of thousands of employees, for medium-sized cities and counties with a few hundred to a few thousand employees, and for small towns and townships with less than one hundred employees. AFSCME members work in all types of occupations -- as clerical workers, hospital employees, food service workers and in professional jobs.

Contrary to popular belief, public employers like private employers must operate within financial limits. Indeed, many public employers with whom we negotiate are facing eroding tax bases and cutbacks in federal aid. No less than small businesses operating at the margin, both large and small public employers must be extremely cost conscious. Yet AFSCME locals have negotiated parenting leave throughout the public sector. Once negotiated, this leave policy has presented no special problems for employers. While we must often fight hard for a wage increase and must resist employer demands to cut back important contract protections, parenting leave simply does not show up on employer giveback lists as we would expect if it were a major expense or if it were causing serious disruptions in operations.

Furthermore, our bargaining experience, like the results of our nationwide survey, belies the contention that unpaid parenting leave is an upper income "Yuppie" issue. For the most part, our members earn very modest salaries. While there are considerable variations, many earn less than $15,000, and the overwhelming majority less than $30,000. Anyone who has ever negotiated a labor agreement knows that only the issues deemed most important remain on the table throughout negotiations and end up incorporated in the collective bargaining agreement. We have successfully negotiated parenting leave because our non-Yuppie members have made it a priority issue.

To give an idea of what we have accomplished in the public sector, we have surveyed our major contracts and the results are presented in a report which we are today releasing to the Congress (Attached). I would like to share some of the highlights of the AFSCME study.

The study examines 85 agreements covering 755,000 employees of state and local governments across the nation, a sample of over 50 percent of workers represented by AFSCME. Twenty-one were state agreements; 23 were county agreements; and 41 were city agreements.

Of the 85 agreements, 72 included maternity or parental leave with an employment guarantee and 63 identified specific overall time periods. Forty-nine of these provide the right to leave for periods of four months or more, and 46 of them provide leave of six months or more. Eighty-six percent of the employees covered in the sample or 646,000 have a right to leave of four months or more. Agreements providing six months or more leave cover 635,000 workers, or 84 percent of the sample.

From this sample of large AFSCME contracts, which is by no means an exhaustive one, the conclusion may be drawn that a large number of employees in the public sector already have the right to take unpaid leave for periods exceeding 18 weeks. Parental leave is clearly a fact of life in the public sector. Thus, it can be reasonably concluded that S. 249 will not levy significant additional costs on state and local governments. I would suggest that this is one of the major reasons why the National Conference of State Legislatures which represents state legislators in all 50 states recently announced its endorsement of this legislation.

I believe that the evidence shows that S. 249 will work and that employer arguments of excessive cost are not credible. If governments at all levels can live with unpaid parenting leave, then so can private industry.

There is a pervasive myth concerning the structure of the American family which has contributed to opposition to the legislation. This Subcommittee has heard from the experts. It knows that 54 percent of mothers with children under six and nearly half of mothers with infants are in the paid labor force; that over half of the 46 million children in two parent families have both parents in the work force; that 20 percent of children live in single parent households headed by women; and that the so-called "typical" American family with a husband who has a paying job and a wife who is a full time homemaker now represents only one-fifth of all families.

I would suggest that it is the last finding which is especially important. Despite all the evidence to the contrary, there are those who refuse to believe that the so-called "typical" American family is no longer typical. Furthermore, there seems to be a desire expressed by some to penalize families other than those in the traditional mold. According to this view, we should be trying to turn back the clock thirty years by refusing to pursue policies designed to help working parents cope with the demands of family responsibilities and the demands of a full time job. Abetting this philosophy are traditional employer attitudes that work and family must be kept separated and that the latter is the sole responsibility of the employee -- that the employer need not consider the demands on the employee outside the shop or the office. These attitudes, while seldom publicly stated, go a long way toward explaining why the United States lags far behind every other industrialized country and many third world countries in family policy.

Today, organizations and public officials of all political persuasions are claiming to be pro-family. AFSCME believes that real family issues have nothing to do with censuring textbooks or blocking federal programs to combat domestic violence. To us, to be pro-family is to first accept the fact that modern families are likely to have two working parents or may have only one parent who must work and to also accept the fact that women are in the work force to stay -- because they cannot afford not to be and because our economy cannot do without them. We are no longer in 1950 when only 12 percent of women with small children were in the work force. Once we comprehend this new reality, the next step is for us to determine how to help today's families thrive.

An essential part of a pro-family public policy is to help ease the tension and conflict created by trying to balance work and family responsibilities. Organized labor and employers have an important role to play. AFSCME will continue to negotiate with our employers for better wages, liberal leave and fringe benefits including child care to protect and assist our union families. But government too has an important role to ensure that there are minimum standards of leave and job security to which all workers must be entitled so no one need be forced to choose between job and family.

In closing, I want to briefly discuss one way we think you can improve this important legislation. Some 2.2 million workers are providing unpaid care for ailing, elderly relatives. The caregiver is likely to be a middle-aged daughter, herself often poor or in ill health. AFSCME urges the Subcommittee to consider amending S. 249 to include the language contained in H.R. 925 which provides job-protected leave to care for a seriously ill parent. We think the difficulties experienced by a worker with an infirm, dependent parent are no less compelling than those of a mother or father with a sick child.

Once again, I thank the Chairman and the Subcommittee for holding this hearing, and I respectfully urge you to take favorable action on this extremely important legislation. We would be pleased to answer any questions you may have.

LEADING THE WAY:

Parental Leave Arrangements in AFSCME Contracts

AFSCME®
in the public service

PARENTAL LEAVE ARRANGEMENTS IN AFSCME CONTRACTS

To investigate the impact on state and local government employers of the proposed federal legislation which would guarantee employees the right to 18 weeks of parental leave and a right to return to the same or substantially equivalent job, AFSCME reviewed a large sample of its agreements for currently negotiated provisions on maternity, paternity, and parental leaves.

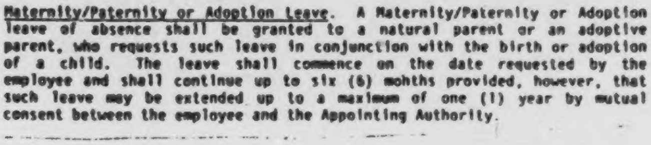
AFSCME has about 4,000 contracts with various jurisdictions and represents over 1.4 million employees. The contracts range greatly in number of people represented, from a contract covering 285,000 state employees to a contract covering 10 county highway department workers; for this analysis all of AFSCME's contracts for 1,000 or more employees were reviewed. The 85 agreements examined covered about 755,000 employees of state and local governments across the nation, a sample of over 50% of those represented by AFSCME. Twenty-one were state agreements; 23 were county agreements; and 41 were city agreements. Of these 85 agreements, 72 contained provisions which gave employees the right to maternity or parental leave with a right to return to their jobs. Sixty three contained specific time periods for them.

Exhibit I summarizes the leave provisions for these 72 agreements. Forty-nine of these provide the right to leaves for periods of or exceeding 4 months. (For the purposes of this analysis, 4 months was considered the cut-off since the proposed legislation recommends 18 weeks or 4 1/2 months). These 49 agreements covered approximately 646,000 employees, or 86% of the sample. In fact, the bulk of these contracts (46) covering 635,000 or 84% of the sample, grant leaves of 6 months or more to women upon their request. In many cases, these leaves can be extended upon request of the employee.

In addition, 9 agreements covering an additional 36,600 employees provided for the right to a leave with no specific time limit. Since the vast majority of contracts did contain language delineating a specific period of time of over 4 1/2 months, it could be conservatively estimated that 50% of those covered by contracts with no specific time period would receive at least 18 weeks. This would add some 18,300 members to those already covered equaling 88% of the total sample. Furthermore, 15 of the contracts sampled contained provisions that specifically mentioned giving male employees the right to parental leave for time periods ranging from 3 months to 3 years (including the right to an additional year extension).

Most agreements have language pertaining to sick, physical disability, and personal leaves which often extend for periods of time usually up to a year and provide for leave at the employer's option. It is probable that in most situations involving pregnancy, such leave is almost always granted as a matter of policy, if not a contractual right.

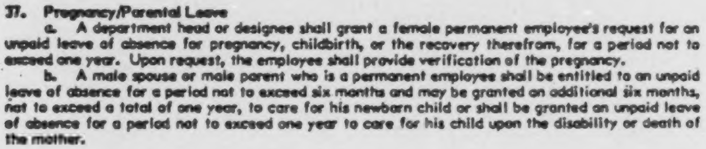
The most typical provisions in the sampled AFSCME contracts state that a leave for maternity or paternity shall be granted upon the request of the employee. The following excerpt is from the agreement between AFSCME Council 6 and the State of Minnesota and is representative of the agreements that were sampled.



> **Maternity/Paternity or Adoption Leave**. A Maternity/Paternity or Adoption leave of absence shall be granted to a natural parent or an adoptive parent, who requests such leave in conjunction with the birth or adoption of a child. The leave shall commence on the date requested by the employee and shall continue up to six (6) months provided, however, that such leave may be extended up to a maximum of one (1) year by mutual consent between the employee and the Appointing Authority.

Council 6 and the State of Minnesota

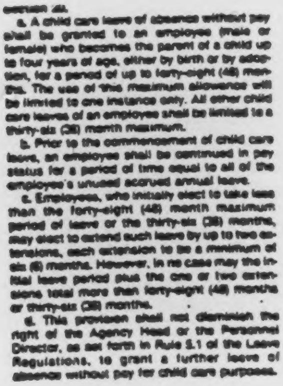
Certain agreements, however, contain more detailed language on the rights of the employee, such as this excerpt from a California state agreement with AFSCME.



> **37. Pregnancy/Parental Leave**
>
> a. A department head or designee shall grant a female permanent employee's request for an unpaid leave of absence for pregnancy, childbirth, or the recovery therefrom, for a period not to exceed one year. Upon request, the employee shall provide verification of the pregnancy.
>
> b. A male spouse or male parent who is a permanent employee shall be entitled to an unpaid leave of absence for a period not to exceed six months and may be granted an additional six months, not to exceed a total of one year, to care for his newborn child or shall be granted an unpaid leave of absence for a period not to exceed one year to care for his child upon the disability or death of the mother.

AFSCME Local 2620 and the State of California

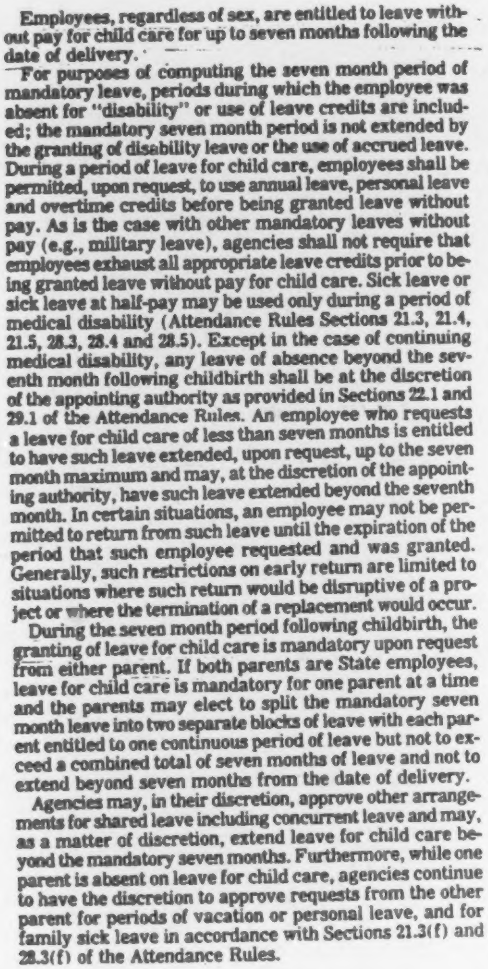
One of the strongest provisions on length of leave is in the contract between the City of New York and AFSCME District Council 37.



> [illegible]
>
> a. A child care leave of absence without pay shall be granted to an employee (male or female) who becomes the parent of a child up to four years of age, either by birth or by adoption, for a period of up to forty-eight (48) months. The use of this maximum allowance will be limited to one instance only. All other child care leaves of an employee shall be limited to a thirty-six (36) month maximum.
>
> b. Prior to the commencement of child care leave, an employee shall be continued in pay status for a period of time equal to all of the employee's unused accrued annual leave.
>
> c. Employees, who initially elect to take less than the forty-eight (48) month maximum period of leave or the thirty-six (36) months, may elect to extend such leave by up to two extensions, each extension to be a minimum of six (6) months. However, in no case may the initial leave period plus the one or two extensions total more than forty-eight (48) months or thirty-six (36) months.
>
> d. This provision shall not diminish the right of the Agency Head or the Personnel Director, as set forth in Rule 5.1 of the Leave Regulations, to grant a further leave of absence without pay for child care purposes.

AFSCME District Council 37 and the City of New York

The Civil Service Employees Association, an AFSCME affiliate representing several hundred thousand New York State employees; has negotiated the following language which not only gives 7 months of unpaid leave, but also mentions alternative arrangements for shared leave if both parents work for the state.



Employees, regardless of sex, are entitled to leave without pay for child care for up to seven months following the date of delivery.

For purposes of computing the seven month period of mandatory leave, periods during which the employee was absent for "disability" or use of leave credits are included; the mandatory seven month period is not extended by the granting of disability leave or the use of accrued leave. During a period of leave for child care, employees shall be permitted, upon request, to use annual leave, personal leave and overtime credits before being granted leave without pay. As is the case with other mandatory leaves without pay (e.g., military leave), agencies shall not require that employees exhaust all appropriate leave credits prior to being granted leave without pay for child care. Sick leave or sick leave at half-pay may be used only during a period of medical disability (Attendance Rules Sections 21.3, 21.4, 21.5, 28.3, 28.4 and 28.5). Except in the case of continuing medical disability, any leave of absence beyond the seventh month following childbirth shall be at the discretion of the appointing authority as provided in Sections 22.1 and 29.1 of the Attendance Rules. An employee who requests a leave for child care of less than seven months is entitled to have such leave extended, upon request, up to the seven month maximum and may, at the discretion of the appointing authority, have such leave extended beyond the seventh month. In certain situations, an employee may not be permitted to return from such leave until the expiration of the period that such employee requested and was granted. Generally, such restrictions on early return are limited to situations where such return would be disruptive of a project or where the termination of a replacement would occur.

During the seven month period following childbirth, the granting of leave for child care is mandatory upon request from either parent. If both parents are State employees, leave for child care is mandatory for one parent at a time and the parents may elect to split the mandatory seven month leave into two separate blocks of leave with each parent entitled to one continuous period of leave but not to exceed a combined total of seven months of leave and not to extend beyond seven months from the date of delivery.

Agencies may, in their discretion, approve other arrangements for shared leave including concurrent leave and may, as a matter of discretion, extend leave for child care beyond the mandatory seven months. Furthermore, while one parent is absent on leave for child care, agencies continue to have the discretion to approve requests from the other parent for periods of vacation or personal leave, and for family sick leave in accordance with Sections 21.3(f) and 28.3(f) of the Attendance Rules.

AFSCME/CSEA Local 1000 and the State of New York

Summary

These large AFSCME contracts were by no means exhaustive. However, it appears that certain conclusions can be drawn:

1. Approximately 665,000 employees or 88% of the sample already have the right to take unpaid leaves for periods exceeding 18 weeks. Moreover, the majority of these employees (635,000) or 84% are granted leaves for periods up to or exceeding 6 months. Thus, a bill providing for an 18-week leave of absence without pay and a guaranteed right to return to work would not levy significant additional costs on state and local governments.

2. The role of the leave itself has changed and is no longer a strict disability leave. Many are called "parental" or "child-rearing" leaves and are not contingent on a woman's disability. Furthermore, in acceptance of the true nature of the leave, state and local employers are increasingly covering males with the same parental leaves.

EXHIBIT I

MATERNITY OR PARENTAL LEAVE PROVISIONS IN AFSCME CONTRACTS COVERING 1,000 OR MORE WORKERS

Time Periods	No. of Contracts	No. of Employees Covered
Up to 3 Yrs. + 1-yr. extension (ext. to be used only once)*	1	115,000
2 Yrs.	1	2,000
1 1/2 Yrs.	1	41,300
1 Yr.	16	107,500
7 Months	2	108,300
6 Months	25	261,300
4 Months	3	11,200
3 Months	8	24,000
2 1/2 Months	1	5,500
2 Months	4	6,700
1 Month	1	100
	63	682,900
Right to leave but no time specified	9	36,600
	72	719,500
No mention of maternity leave	13	35,400
	85	754,900

*Extension is granted upon request of employee

AFSCME CONTRACTS SAMPLED

STATE AGREEMENTS

California, Local 2620, Professional Health and Social Services, Unit 19
California, University of, Council 10, Patient Care Technical Unit
Connecticut, Council 4, Social and Human Services Bargaining Unit P-2
Connecticut, Council 4, Division of Criminal Justice,
Florida, Council 79, Statewide Master Agreement
Hawaii, Local 646, Unit 10
Hawaii, Local 646, Unit 9
Illinois, Council 31, Department of Central Management Services
Iowa, Council 61, Clerical Unit
Maine, Council 74, Institutional Services
Massachusetts, Council 93, Statewide Master Agreement
Massachusetts, Council 93, Higher Education
Michigan, Council 25 Institutional Unit
Michigan, MSEA/Local 5 Labor and Trades Unit, Safety and Regulatory Unit
Minnesota, Council 6, Statewide Master Agreement
New Jersey, Council 1, Health, Care and Rehabilitation Services Unit
New York, AFSCME/CSEA Local 1000 Operational Services Unit
New York, Council 82, Security Services Unit
Pennsylvania, Council 13, Statewide Master Agreement
Rhode Island, Council 94, Statewide Master Agreement
Wisconsin, Council 24, Statewide Master Agreement

COUNTY AGREEMENTS

Broome County (NY) AFSCME/CSEA Local 1000
Cuyahoga County (OH), Council 8, Hospital System
Cuyahoga County (OH), Council 8, Human Services Department
Dade County (FL), Council 79, Public Health Trust
Dade County (FL), Council 79, Public Schools
Dane County (WI), Council 40
Erie County, (NY), AFSCME/CSEA Local 1000, White Collar Unit
Hennepin County (MN), Council 14
Los Angeles County (CA), Council 36, Deputy Probation Offices
Milwaukee County (WI), Council 48, Automotive & Equip. Maint. Emp.
Milwaukee County (WI), Council 48, Master Agreement
Monroe County (NY), Local 828, Employee Unit 7400
Montgomery County (OH), Council 8
Multnomah County (OR), Council 75
Nassau County (NY), AFSCME/CSEA Local 1000
Onondaga County (NY), Local 834

Orange (NY), Local 1000 Blue/White Collar Employees
Prince George's County (MD), Local 2250
Rensselear County (NY), AFSCME/CSEA Local 1000, Blue/White Collar Employees
Rockland County (NY), Local 844
St. Louis County (MN), Council 96, Social Service Board, Basic Unit
Suffolk County (NY), AFSCME/CSEA Local 1000 White Collar Unit 2
Wayne County (MI), Council 25
Wayne County (MI), Council 25, Road Commission

CITY AGREEMENTS

Ann Arbor (MI), Council 25
Baltimore (MD), Council 67
Boston (MA), Council 93
Bridgeport, (CT), Council 4
Buffalo (NY), Council 35
Cincinnati (OH), Council 8
Cincinnati (OH), Board of Education, Council 8
Cincinnati (OH), Zoological Society, Council 8
Cleveland (OH), Council 8
Columbus (OH), Legal Aid Society Council 8
Columbus (OH), Public Schools OAPSE, Local 4
Columbus (OH), Health Department, Council 8
Chicago (IL), Council 31
Dayton (OH), Blue Collar and Clerical Units, Local 101
Detroit (MI), Council 25
District of Columbia, Council 20
District of Columbia, Howard University Hospital, Council 20
Flint (MI), Hurley Medical Center, Council 25
Flint (MI), Hurley Medical Center, Council 25
Indianapolis (IN), Council 62
Jacksonville (FL), Council 79
Kansas City (MO), Local 500
Los Angeles (CA), Council 36, Librarian Unit
Los Angeles (CA), Council 36, Supervisory Librarian Unit
Los Angeles (CA), Council 36, Clerical Unit
Miami (FL), Council 79
Memphis (TN), Local 1733
Milwaukee (WI), Catholic Social Services, Council 48
Milwaukee (WI), Council 48
Minneapolis (MN), General Clerical and Technical Unit Council 14
Newark (NJ), Rutgers State University, Council 52
New York (NY), Council 37
Omaha (NB), Local 251
Philadelphia (PA), Council 33
Phoenix (AZ), Council 97
Rochester (NY), City School District, Council 66
Rochester (NY), Council 66, Blue/White Collar Employees
Saint Paul (MN), Council 14
San Diego (CA), Local 127
San Jose (CA), Council 57
Toledo (OH), House of Corrections, Council 8
Tulsa (OK), Local 1180

Senator Dodd. Thank you very much, Mr. McEntee, for that very straight-forward testimony.

Ms. Trump, we welcome you here this morning and are delighted to accept your testimony and hear your comments.

Ms. Trump. Thank you, Senator.

My name is Rosemary Trump. I am the Vice President of the Service Employees International Union, and I am also privileged to serve as President of Local 585 of the Service Employees in Pittsburgh, Pennsylvania.

On behalf of President John Sweeney and the 850,000 members of SEIU, I thank you for this opportunity to testify today.

I am submitting a written statement for the record and will confine my remarks this morning to a summary of the key points of my statement.

Senator Dodd. Your written statement will be made a part of the record.

Ms. Trump. Thank you.

SEIU represents people who are sometimes called the "new work force". Our members are clerical workers, social workers, highway workers, university faculty, building service janitors, nursing home workers, hospital workers, school employees. Over half of our members are women, and a significant number of our families are headed by women or are families with two wage-earners.

We know from daily experience that in the face of growing economic pressures, America's families are struggling to maintain living standards and at the same time to foster a close, caring home environment for their children.

We know from daily experience how deeply our Nation needs public policies that will match the new realities of work and family, and we are translating that belief into action.

SEIU has launched a nationwide campaign on working family issues that makes the Parental and Medical Leave Act our top priority for this legislative session.

This piece of legislation is an important first step toward a coherent national family policy. By requiring employers to allow men and women up to 18 weeks of unpaid leave for care of a newborn or adopted or sick child, with no loss of benefits or job security, the bill would simply establish a minimum leave standard for working people.

The business community opposes the Parental and Medical Leave Act. They claim that American employers are already addressing the needs of working families voluntarily. They claim that establishing this bare minimum leave standard would inhibit management flexibility, and they claim it would be too costly, that it would hurt productivity.

These are the very same arguments we encountered in the past when we supported legislation to establish a minimum wage, to outlaw child labor, and to eliminate job discrimination. These arguments were without merit in the past and have not improved with age.

They remain as misguided and misleading in the debate over parental leave policy as they were in the past struggles over the rights of workers in America.

The members of my union have seen first-hand exactly how the policies of many employers have not kept up with the changing work force. They have struggled with employers in many forums, including the bargaining table, over issues such as decent leave policies, flexible work scheduling and child care proposals, and they know that their employers are not implementing such policies on a voluntary basis. They also know that decent parental leave policies do not inhibit flexibility or threaten productivity. Indeed, such policies promote healthier, more productive work environments.

It is time we stopped listening to the unsupported claims of the opponents of this bill and started doing something for workers in America. Within the past generation, American jobs have taken a nosedive in wages, benefits and employment security. Financial pressures on families have intensified; living costs are rising; real wages are falling. And although we hear much about job growth in our economy, we know that most of the new jobs that are being created pay poverty-level wages.

The tragedy of these trends is evident. Having a job in America no longer ensures workers and their families a level of income above the poverty line. These economic conditions have made the American family increasingly vulnerable. It is now necessary for the family to send more than one wage-earner out into the work force just to try to keep pace with yesterday's standard of living. And single-parent households, who now comprise 16 percent of all families, are in deeper trouble.

Women are in the work force in record numbers. As our chart shows, the one that is entitled "The Reality: Mothers Work", the percentage of mothers with children under six has tripled since 1963. Yet, as the next chart shows, the one entitled, "Parents Work Because They Have To", it shows that family income has virtually stagnated despite this influx of working mothers into the work force.

In fact, the Congressional Joint Economic Committee shows real family income would have declined 18 percent since 1973 had it not been for the entrance of mothers into the work force.

Clearly, parents work because they must. With a majority of women, a majority of parents, in the work force, both men and women badly need support structures for coping with the dual demands of work and family. To claim that employers are already meeting these needs and that parental leave legislation would therefore be redundant is, frankly, wrong. The fact is that many businesses are lagging far behind the changing times.

For example, only 40 percent of working women in small- and medium-sized firms are covered by disability plans that deal with the time of childbirth and recovery. A recent study by the U.S. Chamber of Commerce found that only 50 percent of 700 firms surveyed had either a parental or disability leave plan, and of these, only 31 percent routinely granted eight weeks of leave.

Of the firms that did grant unpaid leave in the survey, most—about 57 percent—required employees to pay for continuation of their health benefits at this critical time, and only 33 percent of the total firms surveyed actually kept workers' jobs open. One might question whether these are genuine leave policies to start with.

The experience of my own union confirms that the needs of working parents often go unmet in private industry. SEIU represents 400,000 people who work in the private sector. Many work in low-wage jobs. We just completed a survey of SEIU private sector contracts which showed that employers are not voluntarily implementing adequate leave policies. Only 54 percent of our contracts have provisions for four or more months of maternity leave. A mere 25 percent provide for reinstatement to the same job upon return to work, and only 11 percent of these employers will continue health benefits for workers on leave.

It is clear from these statistics, details of which are included in the attachments, that private sector employers are not meeting minimum standards called for in this legislation.

Robin McCabe, for example, is a member of our Local 6 in Seattle, Washington. She has worked for six years as a central supply technician at Highline Community Hospital. When she became pregnant with her second child, she asked for 11 weeks' maternity leave—5 weeks before birth and 6 weeks after. Her supervisors approved the leave, but when Robin McCabe reported back to work, her job was gone. Fortunately, she was represented by our Union, which filed a grievance invoking a State law which guaranteed her job for up to six months of disability.

Another SEIU member, Cindy Gogan, has worked as a nursing assistant at Westmoreland Manor, a nursing home in Waukesha, Wisconsin for the last six years. In October of 1984, she fractured her foot and was unable to work. When she went back to work three months later, she too had no job. Her union contract required her job to be kept open for only 28 working days.

Cindy Gogan was forced to work on an on-call basis at a nursing home until her old position opened up, and as a temporary she worked for less and had to pay her own health insurance. And to pay the bills, she also signed up for part-time work with a home health agency. After many difficult months, her full hours were restored, and the Local managed to bargain for 45 days of leave in the next contract.

These workers were fortunate to have union representation and to be able to fight for months until justice was served. Millions of unorganized workers in service jobs face even more dire circumstances. Such workers, whose lives are delicately balanced from day to day, are made even more vulnerable if they choose to have children in our society. These millions of other workers are not as fortunate. Those who work for low wages and who have no union representation are doubly vulnerable to exploitation by employers. Unless we establish a minimum standard for leave policy in the United States, these workers will increasingly face hardships in balancing their work and family life.

The Parental and Medical Leave Act would help relieve the emotional and financial strain on these workers and their families. They would no longer have to fear losing their jobs when they became ill or decided to have children.

In the public sector, where we represent a wide range of workers, our employers have come close to meeting the policy standards that working families so desperately need. Nearly all of our public sector contracts offer employees six months or more of parental leave.

We are particularly proud that our members in the Sacramento City Unified School District in California have won up to two years of parental leave. Further, approximately 30 percent of our public sector contracts offer adoption leave, and over 90 percent continue health benefits. They also generally guarantee an employee's right to return to the same or similar job. Finally, there are an increasing number of contracts, like the one with the City of Boston, Massachusetts, where SEIU parents enjoy the option of returning to work part-time for one year.

Not one of these contract provisions was easily won. Far from taking action voluntarily, we see employers fighting labor whenever we have tried to bargain for policies that help the working family, policies like flexible hours, parental leave, or job-sharing. And negotiating for child care is among the most arduous bargaining we ever do.

Given this resistance by employers, and given the crisis that besets the working family, it is hard to believe that the business community has the best interests of the American family at heart when they oppose this legislation. Employers claim that they would lose flexibility if this legislation were enacted. Our experience at the bargaining table, however, illustrates that a family leave policy does not hamper the employer's flexibility to provide other working family benefits. In our bargaining, we have fought for some form of parental leave, and on top of this minimum leave standard, we have bargained successfully for other policies that benefit the working family.

Business claims that parental leave will lower productivity and as a result cost employers billions of dollars. But this, too, is a false line of argument. It assumes that absent this bill, a fully productive employee returns to work immediately after giving birth. In fact, either a less productive worker, worried about a newborn's care, shows up, or else a well-trained worker quits to be at home with the new baby. Both have the effect of sharply lowering productivity at the workplace.

Fortune's recent survey of 400 working parents found that nearly 70 percent of mothers suffer from stress. Some 41 percent of parents lose an average one day's work in three months, and 10 percent lose five days or more to tend to a sick child or other family matters.

Child care is the single strongest predictor of absenteeism in job performance, the survey found. Onsite child care centers have been found to cut absenteeism in half or better, and flextime has been shown to raise productivity by as much as 50 percent.

A family leave policy is likely to lower the high turnover rates common in female-dominated jobs. In the health care industry, for example, turnover is close to 20 percent. In a nursing home, it averages 40 percent or more. The Population Reference Bureau projects that labor market shortages in the 1990s will make it harder to replace experienced female workers who leave work to start a family. High turnover of women employees is a short-sighted labor market policy. It is not family benefits, but the lack of family benefits, that is truly costly. Family-oriented benefits improve productivity by reducing absenteeism, turnover and stress. If we are concerned about improving the competitiveness of American business, we would do far better to offset these benefits than to try to cut costs by doing without them.

The leave policy proposed in this legislation is a minimum standard that would help in a small but important way to ease the crisis of the American working family. It would not inhibit employer flexibility. It costs would not be great. It would enhance the productivity and stability of the work force.

For these reasons, we urge the prompt passage of this legislation. There is no doubt that employer initiative as well as collective bargaining have a vital role to play in helping the working family, but these cannot take the place of an overall commitment by our society to protect and nurture the American family.

We in the labor movement will continue to fight for decent and human public policies that will promote the well-being of the American family; policies that will help ensure decent wages and benefits, child care, and flexible hours. And as a first step, I urge you to vote and support S.249, the Parental Medical Leave Act, as the first step toward the establishment of a comprehensive family policy in the United States.

Thank you.

[The prepared statement of Ms. Trump follows:]

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TESTIMONY OF

SERVICE EMPLOYEES INTERNATIONAL UNION, AFL-CIO, CLC

BEFORE

THE HONORABLE CHRISTOPHER J. DODD
CHAIR

CHILDREN, FAMILY, DRUGS AND ALCOHOLISM SUBCOMMITTEE
OF THE
LABOR AND HUMAN RESOURCES COMMITTEE
UNITED STATES SENATE

April 23, 1987

"Parental and Medical Leave Act of 1987"

SUBMITTED BY:

Rosemary Trump
International Vice President
Service Employees International Union, AFL-CIO, CLC

SEIU represents 850,000 working people in the United States and Canada. We represent people who are sometimes called the "new workforce" -- service workers whose ranks swelled with the onset of the post-industrial era in the United States. Our members are clerical workers, social workers, highway workers, university faculty, janitors, nursing home workers, hospital workers, school employees. Over half of our members are women, and a significant number of our families are headed by women or families with two wage-earners.

The working parents whom my union represents must deal with increasingly difficult circumstances. We know from daily experience that in the face of growing economic pressures, America's families are struggling to maintain living standards and, at the same time, to foster a close, caring home environment for their children. We know that the children of America are our most precious resource. And we know that we cannot afford to postpone investments in their future.

We know from daily experience how deeply our nation needs public policies that will match the new realities of work and family.

SEIU members believe, as I do, that the richest nation in the world can surely do better than to subject families to unnecessary hardships. And the richest nation in the world can surely strive to provide the very best for its future citizens.

To quote the report of the United Nations Family Policy Panel, which was co-chaired by John J. Sweeney, the president of SEIU, "Our society as a whole must recognize the dual role of parents, male and female, in the labor force and the family."

Prompt passage of the Parental and Medical Leave Act would advance the goal. And that is why SEIU has launched a nationwide campaign on working family issues that makes this legislation our top priority for this legislative season.

The Parental and Medical Leave Act is an important step toward a coherent national family policy. By requiring employers to allow men and women up to 18 weeks of unpaid leave for care of a newborn or adopted or sick child, with no loss of benefits or job security, the bill would simply establish a minimum leave standard for working people. Surely mothers and fathers should be permitted to take out a short amount of time from their long working lives to nurture their families when necessary. What kind of society would deny that basic right?

The business community opposes this proposal. They claim that American employers are already addressing the needs of working families voluntarily. They claim that establishing this bare minimum leave standard would inhibit management flexibility. And they claim it would be too costly, would hurt productivity.

These are the very same arguments we encountered in the past when we supported legislation to establish a minimum wage, to outlaw child labor, to eliminate job discrimination. These arguments were without merit in the past, and have not improved with age. They remain as misguided and misleading in the debate over parental leave policy as they were in the past debates on the rights of workers in America.

The members of my union have seen first-hand exactly how the policies of many employers have not kept up with the changing workforce. They have struggled with employers in many forums, including the bargaining table, over this precise issue. And they know that their employers are not implementing such policies on a voluntary basis. They know that decent parental leave policies do not inhibit flexibility or threaten productivity. Indeed, such policies promote healthier, more productive work environments.

For these reasons, SEIU strongly supports the bill before you. We believe that this first step toward a coherent family policy will bring us one step closer to the kind of society we all dream about -- a society where everyone who wants to work has a job; a society that provides the services necessary to maintain a comfortable standard of living for all Americans; a society where the family is a secure and protected entity.

Working Families in Crisis

Within the past generation, American jobs have taken a nose dive in wages, benefits, and employment security. Financial pressures on working Americans have intensified. Living costs are rising. Real wages are falling. And, although we hear much about job growth in our economy, we know that most of the new jobs that are being created pay poverty level wages.

The tragedy of these trends is evident -- having a job in America no longer insures workers and their families a level of income above the poverty line.

Today's worker can no longer expect to stay with one firm for a lifetime and collect a decent pension. Large numbers of service workers receive no fringe benefits at all. Thirty-seven million Americans have no health insurance.

These economic conditions have made the American family increasingly vulnerable. It is now necessary for the family to send more than one wage-earner out into the workforce -- just to try to keep pace with yesterday's standard of living. And, single parent households, who now comprise 16% of all families, are in deeper trouble.

Women are in the workforce in record numbers. Over half of all women work outside the home, accounting for 44% of the workforce. In ten years, working women will outnumber working men. An even more startling trend is the influx of mothers with young children into the labor force. In 1985, 54% of women with children under age six were working -- four times the 1950 level. Half of all mothers with infants are in the workforce.

According to the Congressional Joint Economic Committee, real family income would have declined 18% since 1973 had it not been for this entrance of mothers into the workforce. Clearly, parents work because they must.

What do these figures mean in human terms?

I find myself thinking about one woman I know of -- a single parent with two children who worked at a New York university -- an institution that might be expected to be a bastion of enlightenment. On her fulltime salary, this woman was not able to feed and clothe her children. And so she was forced to board one of her children with a family from her church.

That woman and her children were torn apart by the crisis of the American family and our nation's failure to respond to it.

I think about the janitors we have been organizing in Denver. I think of a man who works two jobs, and his wife who leaves for work as soon as he gets home to care for the children. She works till midnight cleaning office buildings for minimum wage.

These families are being hurt by our nation's lack of a coherent family policy.

I think of a woman named Linda Wimberly, who was willing to return to her job as a cashier only three weeks after her baby was born. But that was not fast enough for her employer, J.C. Penney. J.C. Penney would not reinstate her, and the State of Missouri would not give her unemployment insurance. Recently, the Supreme Court upheld that denial of benefits.

The family was hurt by our nation's lack of a coherent family policy.

Surely we can do better. Surely workers can have decent wages and adequate health benefits. Surely we do not need to wrench family members out of each other's arms. Surely we can afford to keep families together and care for our children.

Surely we can let the life cycle of the family thrive alongside the career path.

With a majority of women -- a majority of parents -- in the workforce, both men and women badly need support structures for coping with the dual demands of work and family.

To claim that employers are already meeting these needs, and that parental leave legislation would therefore be redundant, is wrong. The fact is that many businesses are lagging far behind the changing times. For example:

-- Only 40% of working women in small and medium-size firms are covered by disability plans that deal with the time of childbirth and recovery;

-- A recent study by the U.S. Chamber of Commerce found that only 50% of 700 firms surveyed had either a parental or disability leave plan. Of these, only 31% routinely granted eight weeks or more leave;

-- Of the firms that did grant unpaid leave in the survey, most (57%) required employees to pay for continuation of their health benefits at this critical time;

-- And only 33% of the total firms surveyed actually kept workers' jobs open. One might question whether these are genuine leave policies to start with.

The experience of my own union confirms that the needs of working parents often go unmet in private industry.

SEIU represents 400,000 people who work in private industry. Most work in low-wage jobs. We just completed a survey of SEIU private sector contracts which showed that employers are not voluntarily implementing adequate leave policies. Only 54% of our contracts have provisions for four or more months of maternity leave. A mere 26% provide for reinstatement to the same job upon return to work. And, only 11% of these employers will continue health benefits for workers on leave.

It is clear from these statistics, details of which are included in the attachment, that private sector employers are not meeting the minimum standards called for in this legislation.

Robin McCabe, for example, is a member of SEIU Local 6 in Seattle, Washington, She has worked for six years as a central supply technician at Highline Community Hospital. When she became pregnant with her second child, she asked for eleven weeks materinity leave -- five weeks before birth and six weeks after. Her supervisors approved the leave.

But when Robin McCabe reported back to work, her job was gone. Fortunately, she was represented by our union, which filed a grievance invoking a state law that guaranteed her job for up to six months of disability.

Another SEIU member, Cindy Gogin, has worked as a nursing assistant at Westmoreland Manor, a nursing home in Waukesha, Wisconsin, for the last six years. In October of 1984, she fractured her foot and was unable to work. When she went back to work three months later, she had no job. (Her union contract required her job to be kept open for only 28 days.)

Cindy Gogin was forced to work on an "on call" basis at a nursing home until a position opened up. As a temporary, she worked for less and had to pay her own health insurance. To pay the bills, she also signed up for part-time work with a home health agency. After many difficult months, her full hours were restored, and the local managed to bargain for 45 days of leave.

These workers were fortunate to have union representation and to be able to fight for months until justice was served.

Millions of unorganized workers in service jobs face even more dire circumstances. Such workers, whose lives are fragilely balanced from day to day, are made even more vulnerable if they choose to have children in our society.

These millions of other workers are not as fortunate. Those who work for low wages and who have no union representation are doubly vulnerable to exploitation by employers. Unless we establish a minimum standard for leave policy in the United States, these workers will increasingly face hardships in balancing their work and family life.

The Parental and Medical Leave Act would help relieve the emotional and financial strain on these workers and their families. They would no longer have to fear losing their job when they became ill or decided to have children.

In the public sector, where we represent a wide range of workers, our employers have come close to meeting the policy standards that working families so desperately need.

Nearly all of our public sector contracts offer employees six months or more of parental leave. We are particularly proud that our members in the Sacramento City Unified School District in California have won up to two years of parental leave. Further, approximately 30% of our public sector contracts offer adoption leave, and over 90% continue health benefits. They also generally guarantee an employee's right to return to the same or similar job. Finally, there are an increasing number of contracts -- like the one with the City of Boston, Massachusetts -- where SEIU parents enjoy the option of returning to work part-time for one year.

Not one of these contract provisions was easily won. Far from taking action voluntarily, we see employers fighting labor whenever we try to bargain for policies to help the working family -- policies like flexible hours, parental leave, or job sharing. And negotiating for child care is among the most arduous bargaining we ever do.

Given this resistance by employers, and given the crisis that besets the working family, it is hard to believe that the business community has the best interests of the American family at heart when they oppose the parental leave legislation.

A Parental Leave Policy Is Not Inflexible

The business community does not want parental leave established as a standard policy because, they say, such a policy would inhibit their flexibility. This argument is spurious and misleading.

First, the so-called "flexible benefit" plans that are so highly touted by the business community are not really designed to help the working family. In fact, a recent Hewitt survey reported that health benefit cost shifting, not a concern for the working family, is the main rationale for such plans. In the first year, 43% of the plans included higher health insurance deductibles, 26% raised worker contributions for family care, and 16% increased premium co-pays for employee coverage.

Such flexible benefit plans have simply shifted costs onto the backs of those who can least afford it. If this is what flexibility means, we can certainly do without it. America's families do not need to cope with another anti-family policy put forth by employers.

In fact, the most common working family option in these plans is a benefit that costs employers next to nothing, may not benefit low-income workers, and is barely used at all. This is the wage reduction plan in which employees are allowed to put some of their pre-tax wages into an individual account to pay for child care. (Low-income families do better by taking the federal child care tax credit.) A survey by Towers, Perrin, Forsters, and Crosby found that only 3% of participants choose the wage reduction option.

Second, these flexible benefit plans are not often found in the fastest growing sector in the U.S. economy -- the service sector, which employs the "new workforce" in large numbers. A 1984 Employee Benefit Research Institute survey found that only 10% of service industry employers surveyed offered such plans. Moreover, 60% of the plans excluded part-time employees, whose numbers have increased at the fastest rate over the last twelve years, according to the U.S. Bureau of Labor Statistics.

Business may also be hoping to retain this "flexibility" to replace full-time workers who leave with permanent "contingent" workers who work fewer hours at lower pay and who receive no benefits. This shift to a marginal workforce may cut costs in the short run. But in the long run it will undermine productivity. Benefits for part-timers must be improved. That's why it is important that the Parental and Medical Leave Act covers part-time workers.

Our experience at the bargaining table illustrates that a family leave policy does not hamper the employer's flexibility to provide other working family benefits. In our bargaining, we always fight for some form of parental leave. And on top of this minimum standard, we have bargained successfully for other policies that benefit the working family.

For example, our locals have bargained for sick leave to cover family emergencies. At Brown University in Rhode Island, SEIU Local 134 won some of the strongest language to date -- a leave of absence of up to one year for family illness.

We have bargained for flexible scheduling or reduced hours to allow workers to tailor their hours to conform with the demands of family life.

And we have bargained for employer assistance with child care. We were able to open an on-site daycare center at Boston City Hospital, as well as 18 centers at state facilities throughout New York. Some of our locals work with the school system to lower the price tag of child care. For example, SEIU Local 715 in Santa Clara County, California, joined up with the YWCA and the school district to set up an after-school program for school-age children of county employees. SEIU members in the City of Hayward, California School District bargained for a child care center at a local school. The city provided $10,000 in start-up funds and the center is now self-sufficient.

Other SEIU locals have negotiated job-sharing as an inexpensive solution to the child care problem for employees who want it.

And the same holds for the numerous small cleaning service companies -- like Woodley's Building Maintenance in Kansas City, Missouri, which provides up to six months of leave and a continuation of health benefits for two months. These small businesses have not been brought to their knees by establishing good leave policies.

Business claims that parental leave will lower productivity and, as a result, cost employers billions of dollars. But this too is a false line of argument. It assumes that absent this bill, a fully productive employee returns to work immediately after giving birth. In fact, either a less productive worker worried about a newborn's care shows up, or else a well-trained worker quits to be at home with the new baby. Both have the effect of sharply lowering productivity at the workplace.

Fortune's recent survey of 400 working parents found that nearly 70% of mothers suffer from stress. Some 41% of parents lose an average one day's work in three months, and 10% lose five days or more, to tend to a sick child or other family matters. Child care is the single strongest predictor of absenteeism and job performance, the survey found. On-site child care centers have been found to cut absenteeism in half or better. And flextime has been shown to raise productivity by as much as 50%.

A family leave policy is likely to lower the high turnover rates common in female-dominated jobs. In the health care industry, for example, turnover is close to 20%. In nursing homes, it averages 40% or more. The Population Reference Bureau projects that labor market shortages in the 1990's will make it harder to replace experienced female workers who leave work to start a family. High turnover of women employees is a short-sighted labor market policy.

It is not family benefits, but the lack of family benefits, that is truly costly. Family-oriented benefits improve productivity by reducing absenteeism, turnover, and stress. If we are concerned about improving the "competitiveness" of American business, we would do far better to offer these benefits than to try to cut costs by doing without them.

Conclusion

The leave policy proposed in this legislation is a minimum standard that would help in a small but important way to ease the crisis of the American working family. It would not inhibit employer flexibility. Its costs would not be great. It would enhance the productivity and stability of the workforce. For these reasons, we urge the prompt passage of this legislation.

There is no doubt that employer initiative, as well as collective bargaining, have a vital role to play in helping the working family. But these cannot take the place of an overall commitment by our society to protect and nurture the American family.

We in the labor movement will continue to fight for decent and humane public policies that will promote the wellbeing of the

American family..... policies that will help ensure decent wages and benefits, child care, and flexible hours.

As a first step, I urge you to vote for S. 249, The Parental and Medical Leave Act as the first step toward the establishment of a comprehensive family policy in the United States.

Thank you for this opportunity to present our views.

Senator Dodd. Thank you very much for a very comprehensive statement, Ms. Trump.

I would like to get a copy if we could, Gerry, of that Martilla survey, if that is possible.

Mr. McEntee. Absolutely.

Senator Dodd. I do not know how long it is, but we will either make it a part of the record or a summary of it a part of the record for other members to be able to review.

Mr. McEntee. Absolutely.

Senator Dodd. You have answered an awful lot of what I wanted to ask you. You have anticipated some of the natural questions people would bring up.

Let me just revisit, if I can, a question. If I were on the other side of this question, after hearing your testimony one of the questions I would have to ask would be: say, well, listen, what are you bothering with this bill for—you people are doing a terrific job out there? I mean, you have been tremendously successful in your bargaining with contracts for the thousands of people you both represent. It seems like things are moving in that direction, and this is becoming more and more of an item for collective bargaining. It is being accepted more by management in the public sector, although you represent a number of people in the private sector as well. Things are moving. Why bother with this? Things seem to be going in our direction. Why do we need a piece of legislation?

Mr. McEntee. Senator, as you know, the history of the American labor movement is to be just not concerned about their own members. They have always been out in front in terms of progressive social legislation, whether you are talking about unemployment compensation or workmen's compensation or Social Security or the minimum wage.

I think the sad record in the private sector indicates that the American labor movement has to speak out. We have to remember that there are millions upon millions of unorganized workers in the United States that do not have the representation and protection through a collective bargaining process by a legitimate labor union.

And even besides that, even in terms of the figures in the public sector, we surveyed our major components within our Union that had 1,000 or more employees. And that record is pretty good. But there are thousands of governmental jurisdictions that are much smaller than that—we are talking here about small counties, small townships and small burroughs—where these people still have a desperate need for this kind of coverage. And also, it is important to point out that only 35 percent of public employees are members of labor unions. And these people need help.

So we are here today not just for our members, but also for all those people that are voiceless with this kind of problem.

Senator Dodd. Let me, before getting to you, Ms. Trump, ask another question that you have raised, Gerry, and then you can respond to both of those points if you would, Ms. Trump.

We have heard about the small, private employer. And the bill, as you know, excludes or exempts employers that have 15 or fewer employees. Tell us, if you can, both of you, how does that compare with the small municipality where you have only got a handful of people working? In terms of the experience you have had, is this a tremendous problem if you have a staff in a small town of, say, 10 or 15 people—what happens?

Mr. McEntee. Well, as you know, the bill does exempt employers that have 15 or less employees. But our experience, even in small burroughs and townships where we do have this kind of language and where we do have collective bargaining, it has not presented a problem.

It is rare that it is used, and maybe only one person uses it at a particular time. We agree with Sister Trump that parental leave provisions can be really a positive factor in terms of the morale of the work force, in terms of the increased productivity and in terms of people that have had a particular job returning to that job rather than putting someone in and training that new person.

Our experience also—and we have just gone through a difficult time in the American labor movement, public and private sector with concessionary bargaining, that is givebacks at the bargaining table—and generally, what we find is that employers want us to give back something that is very important or something that is very costly to that particular employer.

And we have found that in all of the areas where we have parental leave, and we have the health insurance coverage continuing during maternity and parental leave, not in a single case in these most difficult times of bargaining, have we found the employer requesting us to give this back. This indicates to us that it is a serious enough problem for that employer, in terms of dislocation of workers, in terms of cost and expense to come to the table and try and get it back.

We also point to the fact in terms of cost that the National Conference of State Legislators has endorsed it, and they are certainly a group that we have found from experience who are a little tight with the buck, yet they realize that it is really not a major cost to the employers in this country.

Senator Dodd. Thank you.

Rosemary?

Ms. Trump. Well, in response to your first question, Senator, as President McEntee has pointed out, we do come as the ombudsman for all workers in America, not merely our own constituencies that we do represent. But in addition to that, while our contracts are moving in the right direction, particularly in the public sector, the reality is that the policies may not be consistent or comprehensive. In other words, a public employer may agree to provide a certain length of time for maternity purposes, being off without leave, but refuse to grant adoption leave, or refuse to grant time off from work without pay in order to care for that sickly child. So that there are inconsistencies within those leave policies that do exist, and this of course would establish that minimum standard for all employers.

With reference to the small townships and the small burroughs, again, my direct experience in that area is that it would affect a very few number of employees in terms of the maternity leave sections, since a significant proportion of those work forces are male-dominated at this time, and for those women remaining in the work force that a significant proportion are middle-aged or beyond child-bearing years, so that there would be negligible impact, and it might perhaps be helpful for you to direct the GAO to do a study in that regard.

It is my own view that there really should not be a reason why, in the public sector, those employers should be exempted from this legislation. I can understand the interest, perhaps, in treating the private sector differentially. However, in the public sector, I think it would be well of this body to reconsider its position in exempting the public sector employees with fewer than 15 employees, since it would have such a negligible impact on the so-called opposition viewpoints as to why it should not be passed in the first place.

Senator DODD. Well, let me ask another question. We call this "parental" leave. And I know that AFSCME, for instance, with its own people and others has focused on maternity leave. This bill obviously is designed to encourage men to take leave. As we heard from some of our earlier witnesses, though, there were two men who actually had a better job situation that allowed them to be with their very sick children. Ironically, in both these cases, the women were in a situation where one lost a job, and the other one could not leave the job.

I wonder if you might address the issue of men in this relationship. It was very touching to me when Mr. O'Connell talked about the relationship between himself and his daughter. I am Irish, and I can tell you, with Irish fathers and daughters, it has always been a little tough—you know what I am talking about.

Mr. MCENTEE. I have four of them, yes.

Senator DODD. But it was moving to me to hear a father talk about the relationship that emerged through that tragedy, as a result of him being there. And, how important it was to her that her father could demonstrate that kind of care and loving.

But I wonder if you might address the question of the parental——

Ms. TRUMP. Well, there is no question that it is a key component of the bill that we 100 percent support and should be retained and encouraged. And it would by legislating it create the model by which it would give an opportunity for men who have been socialized into believing that it is the woman's role for child-caring and nurturing needs, that it would give them the option to exercise their appropriate parental role and foster a strong relationship between father and child, father, son and daughter. And we believe that it is definitely a key component of the bill and should remain as such, and we are very supportive and happy that it is included.

Mr. MCENTEE. Can I make one point on that?

Senator DODD. Absolutely.

Mr. MCENTEE. I think it is doubly key in terms of what the family is all about in America and what the family should be about in America in terms of the future. But it is also important to note that even though the public sector—and you look upon the public sector as making great strides in this area, and we talk very proudly in terms of our contracts that cover this kind of leave—the vast majority of our contracts, even though we look upon them with great pride, really cover essentially maternity leave, and not paternity leave. And this is so key to the bill that it opens up the eyes of employers and opens up the eyes of America.

Two of our largest affiliates, Council 37 in New York City with about 125,000 members, and CSEA representing New York State employees with about 145,000 to 150,000, have the leave program for men, but it is still rare. I mean, it is even rare in the public sector where we have made strides.

So I think in terms of the future of the family, in terms of our country, it is a very, very key ingredient to this piece of legislation.

Senator DODD. Well, that has been our experience with other witnesses, too, where programs have existed. I mentioned earlier we have had a couple of major employers in Connecticut, for instance, that have leave programs, but the experience of men taking advantage of it is fractional. I mean, just such a tiny fraction of the percentage of the men in their work force take leave.

But I think part of that has to do with more of a reluctance because of what it means in terms of job advancement and the like, if you go and make that kind of request. Many employers I have talked to in that regard agree that is probably a major problem—but that is changing as we find out how fathers are relating to their families in a different way, I suppose, today than they did in the past.

Lastly—and then I want to turn to my two colleagues—you talked about the elder care provisions, proposals, Gerry, as something you would like to have part of the bill. It is not part of the Senate bill at this juncture; you accurately point out it is part of the House bill that has been introduced. While I do not disagree at all with the notion, I think as a practical matter here, we are facing some pretty difficult opposition to the bill as it is, and I am trying to do the "do able" in this area.

But interestingly as well, in looking around the world as you know, we are really lagging behind in this overall question. I mean, we are now one of the few countries left—I think maybe the only industrialized nation in the world that does not have a parental leave policy. And in fact, well over one-third, almost one-half, of the undeveloped world also have parental leave policies.

Mr. MCENTEE. Right.

Senator DODD. The Soviet Bloc countries have parental leave policies and understand the relationship. Yet only three countries that I have been able to identify, three Scandinavian countries, have leave to care for elderly parents. And those Scandanavian programs are not mandatory. None of the other countries get into that. I do not know why, and I am just curious as to whether or not you have been able to make an assessment as to why that is the case; do we know?

Mr. MCENTEE. We really have not looked at it. We have looked at the other figures, and we are well aware of them in terms of how we trail not only with European countries, but as you say, with Third World countries. And maybe, since we have such a sorry record in parental leave, if there are only three in terms of care for the elderly, maybe we ought to become the fourth and kind of lead the way rather than trailing.

Senator DODD. Have you been able to negotiate at all that kind of a provision into your contracts?

Mr. MCENTEE. Yes, we do. We have some.

Senator DODD. How about you, Ms. Trump?

Ms. TRUMP. It is our understanding that the historic social role in the European Community has been that dependent care was always handled by the mothers, but that is changing. I mean, it is a new economy, a new work force, and new pressures on both European and American families, and we suspect that that will change.

Senator DODD. Do you have contracts that include elder care?

Ms. TRUMP. No, no, we do not.

Mr. MCENTEE. We have some that cover the care for the elderly as well as the utilization of our own sick leave to take care of the elderly. We do have some, but not many.

Senator DODD. You have been terrific. I cannot thank you enough for the time this morning and your patience in waiting.

I have a request, Ms. Trump, for a copy of that poster, "The Reality: Mothers Work."

Ms. TRUMP. Surely. Very good. We will be glad to accommodate. Thank you, Senator.

Senator DODD. I have a mother on my staff who I think wants to put that in my office to remind me.

Ms. TRUMP. That is great. Thank you. Absolutely.

Senator DODD. Thank you all very much.

Excuse me. My two colleagues are here.

Tom Harkin, you arrived earlier. Do you have any statement or comments?

Senator HARKIN. Thank you, Mr. Chairman.

I really do not have much other than to again thank Ms. Trump and Gerry for testifying on behalf of this bill. Just picking upon what President McEntee just said about the labor movement in America, one reason I felt a close kinship with you all for so long is that you indeed have been in the forefront of fighting not just for your members but also for what I term economic justice and social justice for all of America. And that is why I am pleased to see your support of this kind of legislation.

Now, I especially have a great deal of respect for both of your unions because of the type of people you do represent, especially service employees. These are basically low-wage people. This is one of the fastest-growing internationals, I believe, right now because of the shifting nature of our economy.

In just reading over your testimony, though—even though we all, I think, are supportive of some form of parental leave program—I still have some strong feelings that what we really need in this country more than anything else is a national system of day care centers—and the burden not placed upon businesses or anything like that, but it just ought to be a national policy that we have, available to all. And in reading over your examples of people, that is the kind of thing that I think they need. Obviously, there is need for parental leave; I do not dismiss that. But I am still somewhat fearful, and I have expressed this to my good friend, the Chairman of this Subcommittee, that by going ahead on this that we might, in trying to fight that battle for day care centers, say, well, we have done this, so let us see how this works, and we will not have to address that question for another 10 or 15 years. And I think we have to address that question imminently.

As you pointed out, Gerry, with this bill, four out of five employers would be exempt from this bill.

Mr. McEntee. That is right.

Senator Harkin. So you get the big employers, and you leave the small ones out. And in many cases, that is where the real problems exist, with the small businesses. A person leaves to take care of a sick child or something, and they come back, and the job is gone. And probably nine times out of ten, they have no organized union to fight for them, and that is the end of it, right there.

Senator Dodd. Well, if I make it five, will you cosponsor the bill? [Laughter.]

Senator Harkin. If we make the bill more of a concern for—two things——

Senator Dodd. Two. [Laughter.]

Mr. McEntee. It sounds like you are bargaining.

Senator Harkin. I am bargaining, I am. There is some bargaining going on around here. But I just think that while it is needed, and while I am basically supportive of the thrust, I just still feel that we have to place a lot of emphasis on day care centers in our country. And I am just worried that we are not getting on that track, and not because of the Chairman—Lord knows, he is very supportive of that, too, and has been for a long time. But I just make my case along those lines. We really have to have a big national push for day care centers.

Mr. McEntee. Well, we are with you 110 percent on that, no question about it.

Senator Dodd. Well, we have got hearings on June 11th on child care.

Senator Harkin. I will be there.

Thank you, Mr. Chairman.

Thank you both.

Ms. Trump. Thank you.

Senator Dodd. My colleague from South Carolina—we have introduced your statement in the record. I have expressed your apologies for being at a very important event this morning.

Senator Thurmond. I had to attend the funeral of General Maxwell Taylor; I am sorry I could not be here. I have no questions of these witnesses.

Senator Dodd. Thank you all very much.

Ms. Trump. Thank you, Senator.

Mr. McEntee. Thank you very much.

Senator Dodd. Our last witnesses this morning are Cynthia Durham Simpler, from the Vermont American Corporation, Fountain Inn, South Carolina, and the American Society for Personnel Administration. Cynthia is also from South Carolina. She is representing the American Society for Personnel Administration and also serves as the Human Resource Manager for the Vermont American Corporation in Fountain Inn. She will focus this morning, I am told, on the difficulties she sees a national policy on parental leave presenting for employers and personnel managers.

Pat Scarcelli is International Vice President and Director of Women's Affairs, United Food and Commercial Workers. She is accompanied by Karen Terwilleger. Pat Scarcelli is representing over one million workers in the food and commercial trades. Many of the employees in these trades participate either formally or informally in arranging their work schedules, so we look forward to hearing testimony from you as well this morning and are delighted you are both here. We apologize for your having to wait, although we hope it was not too long and that it was interesting for you to hear some of the testimony and give you a chance to respond to some of those things that were said earlier, I suppose.

So if you have prepared statements, and I think you do, that will be made a part of the record, but any way you would like to abbreviate or share your thoughts with us, we would be delighted to accept it this morning.

We will begin with you, Cynthia.

STATEMENT OF CYNTHIA DURHAM SIMPLER, HUMAN RESOURCE MANAGER, VERMONT AMERICAN CORP., FOUNTAIN INN, SC, ON BEHALF OF THE AMERICAN SOCIETY FOR PERSONNEL ADMINISTRATION; AND PAT SCARCELLI, INTERNATIONAL VICE PRESIDENT, UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNION (AFL-CIO)

Ms. SIMPLER. Thank you.

Mr. Chairman and Members of the Subcommittee, my name is Cindy Simpler. I am the Personnel Manager for Vermont American Corporation, a tool manufacturer in Fountain Inn, South Carolina. We employ 125 people. I have worked in human resources for approximately nine years. I am a married woman with four children ages 11, 3, 2 and 8 weeks.

I represent not only Vermont American Corporation, but also the American Society for Personnel Administration, ASPA, and the Concerned Alliance of Responsible Employers.

I have shortened my comments this morning in the interest of time, and I would like to request that the full text of my testimony be entered into the record.

Senator DODD. Absolutely.

Ms. SIMPLER. ASPA, the world's largest human resource management association, encourages employers to offer competitive benefits. It has 35,000 members, which represent organizations that collectively employ over 40 million people in this country.

The Concerned Alliance for Responsible Employers is made up of hundreds of thousands of small- to medium-size firms in this country. They are seeking to preserve the voluntary benefit system that allows employees and employers to determine together which benefits best meet mutual needs.

My company in South Carolina, along with both ASPA and the Alliance, opposes legislation requiring employers to offer up to 18 weeks to the parents of a newborn child.

The organizations I represent encourage employers to offer parental leave where employees desire it and where it is financially viable. We are concerned that Federally mandated parental leave benefits will eventually put companies like mine out of business.

I work for a manufacturing operation which produces screwdrivers, and we feel the heat of foreign competition every day. We are making every effort to increase productivity, reduce costs and improve the quality of our products in order to stay competitive in the world market.

Proponents of S. 249 assert that the employer's cost of offering this benefit is minimal since the leave is unpaid, and on the surface, it appears that the only additional costs to the employer are benefits for a replacement or overtime pay when existing employees perform the work of the person on leave. But just the benefits for the full term of the parental leave will cost over $1,600 for the average production worker in our plant, and that is at $7 an hour.

This also ignores the cost of recruiting a qualified replacement. These costs include advertising, interviewing and training, and in our company, which is a small company, that totals over $2,800 for one production employee.

A National Employment Management Association Survey found that hiring a manager in 1985 cost about $7,000, and that is including relocation cost. And according to the newsletter, "Recruiting Trends", the cost of recruiting, whether it is done in-house or with an outside search firm is usually about a third of the new employee's first-year salary.

Using this guideline and the others that I have noted in my written testimony, the cost of recruiting and training a new employee earning $18,000 is $15,000. This does not include benefit cost, and it is over and above the employee's direct salary.

What is involved in these costs? Training costs include orientation, classroom instruction, and on-the-job training and also includes the time of two people, the employee and the trainer.

And a look at a new employee's learning curve, no matter what company you are in, shows that the employee will produce less and at a lesser quality than a more experienced worker.

Covering an employee's job with overtime from existing employees is equally expensive. Forty hours of overtime for 18 weeks costs over $2,500 in addition to wages alone, and that is using a $7 an hour employee. This scenario does not include the cost of lost business opportunity when the position is left vacant.

Some people have suggested that few parents will actually use this benefit and therefore the cost of this leave is minimal. This ignores the fiscal realities of how a benefits package is structured. The cost of making parental leave available must be factored into the benefits package as if every eligible employee will in fact use it.

And whether you believe parental leave is a minimal standard or a mandated benefit, employers have to treat it the same way. Benefits packages currently average 37 percent of an employer's payroll, and in this era of cost containment of benefits, the added cost including parental leave would probably require employers to include it within the 37 percent limit at the expense of some other benefits.

The recent trend toward flexible benefits has advantages for the employer and the employee alike. Employers can tailor benefits packages to meet the needs of their work force, and employees may have the opportunity to choose which benefits meet their needs most.

ASPA has just completed a survey examining current parental leave practices. The results show that close to three-fourths of all businesses already permit leave without pay. Almost half of these companies guarantee a position on return.

Larger companies will have an easier time incorporating this policy than will smaller companies like mine. In the past five years, small business has been the most dynamic sector of our economy, with 80 percent of all new jobs created here.

Accommodating the cost of an extended employee leave is likely to absorb a good deal of the capital that would have been allocated to business expansion.

If requiring unpaid, mandated parental leave will disproportionately impact small businesses, then the possibility of this type of leave becoming a paid leave is truly appalling.

From a personal standpoint, I am further opposed to this bill because I think it will result in hidden discriminatory employment practices. Women, like myself, of childbearing age will be the victims as they are assumed to be most likely to take parental leave.

By opposing this legislation, we are not opposing the concept of parental leave. Our members view parental leave as one of the many benefit options that allow them to attract and retain valued employees. But mandated parental leave will not help American business or its workers.

As I have outlined this morning, S. 249 will lead to overall cutbacks in employee benefits, and it will hurt American businesses' ability to compete. This bill will threaten an employee's overall job security, and that is something which most people value much more than individual benefits.

As an employer and as a parent, I urge you to weigh the impact of S. 249 and to vote against it.

Senator Dodd. Thank you very much.

[The prepared statement of Ms. Simpler follows:]

aspa
Managing Human Resources

TESTIMONY OF

CYNTHIA SIMPLER
HUMAN RESOURCE MANAGER
VERMONT AMERICAN CORPORATION
FOUNTAIN INN, SOUTH CAROLINA

ON BEHALF OF

VERMONT AMERICAN CORPORATION
THE AMERICAN SOCIETY FOR PERSONNEL ADMINISTRATION
THE CONCERNED ALLIANCE OF RESPONSIBLE EMPLOYERS

BEFORE THE SENATE SUBCOMMITTEE ON
CHILDREN, FAMILY, DRUGS AND ALCOHOLISM

APRIL 23, 1987

American Society For Personnel Administration
National Headquarters • 606 N. Washington Street • Alexandria, Virginia 22314 • Phone: 703/548-3440

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, MY NAME IS CYNTHIA SIMPLER. I AM THE HUMAN RESOURCE MANAGER FOR VERMONT AMERICAN CORPORATION, A TOOL MANUFACTURING FIRM IN FOUNTAIN INN, SOUTH CAROLINA, WHICH EMPLOYS ABOUT 125 PEOPLE. I HAVE WORKED IN HUMAN RESOURCES FOR APPROXIMATELY 9 YEARS, I AM MARRIED AND HAVE 4 CHILDREN, INCLUDING A FIVE WEEK OLD.

I AM BEFORE YOU TESTIFYING ON BEHALF OF VERMONT AMERICAN CORPORATION, THE AMERICAN SOCIETY FOR PERSONNEL ADMINISTRATION (ASPA), AND THE CONCERNED ALLIANCE OF RESPONSIBLE EMPLOYERS.

THE AMERICAN SOCIETY FOR PERSONNEL ADMINISTRATION (ASPA) IS THE WORLD'S LARGEST HUMAN RESOURCE MANAGEMENT ASSOCIATION WITH A MEMBERSHIP OF 35,000 INDIVIDUALS WHOSE MEMBERS REPRESENT ORGANIZATIONS WHICH COLLECTIVELY EMPLOY OVER 40 MILLION PEOPLE IN THE U.S. ASPA IS DEEPLY COMMITTED TO ENCOURAGING PUBLIC AND PRIVATE EMPLOYERS TO ESTABLISH

POLICIES AND PRACTICES WHICH ASSURE GOOD FAITH AND FAIR DEALING WITH ALL EMPLOYEES. ASPA URGES EMPLOYERS TO OFFER THE MOST COMPETITIVE BENEFIT PLANS POSSIBLE THAT WILL PERMIT THE COMPANY TO REMAIN FINACIALLY SOUND.

THE CONCERNED ALLIANCE FOR RESPONSIBLE EMPLOYERS, IS COMPRISED OF OVER 150 ORGANIZATIONS ACTIVELY SEEKING TO ENSURE THAT THE VOLUNTARY SYSTEM OF BENEFIT STRUCTURING REMAINS IN PLACE TO ALLOWS EMPLOYEES AND EMPLOYERS TO DETERMINE TOGETHER WHICH BENEFITS BEST MEET THEIR INDIVIDUAL AND MUTUAL NEEDS. THE ALLIANCE'S MEMBERS INCLUDE A BROAD RANGE OF BUSINESSES FROM THE MANUFACTURING AND SERVICE SECTORS, ALONG WITH HUNDREDS OF THOUSANDS OF SMALL TO MEDIUM SIZED FIRMS IN THIS COUNTRY.

I CAN ASSURE YOU MR. CHAIRMAN -- MY COMPANY IN SOUTH CAROLINA, ALONG WITH THOUSANDS OF BUSINESSES REPRESENTED BY BOTH ASPA AND CARE, BELIEVES THAT ENACTING FEDERAL LEGISLATION REQUIRING EMPLOYERS TO OFFER UP TO 18 WEEKS OF

LEAVE TO THE PARENTS OF A NEW CHILD IS NOT GOING TO HELP PUT AMERICA BACK ON THE ROAD TO COMPETITIVENESS.

LET ME EMPHASIZE THAT THE ORGANIZATIONS I REPRESENT RECOGNIZE THE VALUE OF OFFERING PARENTS THE OPTION OF TAKING LEAVE TO BE WITH A NEW CHILD. WE ENCOURAGE EMPLOYERS TO OFFER THIS BENEFIT WHERE EMPLOYEES DESIRE IT AND WHERE IT IS FINANCIALLY VIABLE.

AS A BUSINESS PERSON, I AM CONCERNED THAT FEDERALLY MANDATED BENEFITS LIKE THE 18 WEEKS OF LEAVE IN S.249 WILL EVENTUALLY PUT COMPANIES LIKE MINE OUT OF BUSINESS. I WORK FOR A MANUFACTURING OPERATION WHICH PRODUCES SCREWDRIVERS AND WHICH FEELS THE HEAT OF FOREIGN COMPETITION DAILY. WE ARE MAKING EVERY EFFORT TO INCREASE PRODUCTIVITY, REDUCE COSTS, AND IMPROVE THE QUALITY OF OUR PRODUCTS TO MAINTAIN A COMPETITIVE POSITION IN THE WORLD MARKET.

125 PEOPLE WORK IN OUR PLANT. OUR WAGES AND BENEFITS ARE COMPETITIVE IN OUR COMMUNITY. HOWEVER, WITHIN OUR FIRST

12 MONTHS OF OPERATION IN SOUTH CAROLINA, WE HAD TO REDUCE OUR WORKFORCE AND INCREASE PRODUCTIVITY AND SALES TO STAY ALIVE.

WE SUCCEEDED. PRODUCTIVITY INCREASED OVER 30 PERCENT IN THE FIRST NINE MONTHS OF 1986. WE MORE THAN DOUBLED OUR OUTSIDE SALES. BUT FOREIGN COMPETITION IS STILL A THREAT. WE MUST CONTINUE OUR EFFORTS TO IMPROVE THE QUALITY AND REDUCE THE COST OF SCREWDRIVERS TO STAY IN BUSINESS.

PROPONENTS OF S.249 ASSERT THAT THE EMPLOYER'S COST OF OFFERING THIS BENEFIT IS MINIMAL, SINCE THE LEAVE IS UNPAID. ON THE SURFACE, IT APPEARS THAT THE ONLY ADDITIONAL COSTS TO THE EMPLOYER ARE BENEFITS FOR A REPLACEMENT OR OVERTIME PAY WHEN EXISTING EMPLOYEES PERFORM THE WORK OF THE PERSON ON LEAVE. JUST THE BENEFITS FOR THE FULL TERM OF PARENTAL LEAVE WOULD COST OVER $1,600 FOR THE AVERAGE HOURLY EMPLOYEE IN OUR PLANT.

THIS ASSERTION ALSO IGNORES THE COST OF RECRUITING A

QUALIFIED REPLACEMENT. A SINGLE WEEKEND AD IN OUR LOCAL PAPER COSTS $80 TO $100. THE COST OF THE INTERVIEWING PROCESS IS MORE DIFFICULT TO MEASURE BECAUSE OF SUCH VARIABLES AS THE NUMBER OF APPLICANTS, THE NUMBER OF INTERVIEWERS, TIME INVOLVED, ETC. ONCE A SUITABLE REPLACEMENT IS SELECTED, HE OR SHE MUST BE TRAINED TO DO THE JOB. THE AVERAGE TRAINING PERIOD IN OUR PLANT IS FOUR WEEKS, SO OUR TRAINING COSTS AVERAGE OVER $1,100 IN WAGES ALONE! THESE COSTS TOTAL OVER $2,800 FOR ONE EMPLOYEE.

SO FAR THIS YEAR, 15 PEOPLE WOULD BE ELIGIBLE FOR PARENTAL LEAVE AT OUR FOUNTAIN INN LOCATION. IF ALL OF THEM CHOSE 18 WEEKS OF PARENTAL LEAVE, IT WOULD COST OUR DIVISION OVER $42,000 TO REPLACE THEM WITH TEMPORARY WORKERS. NOR DOES THIS FIGURE INCLUDE THE ASSOCIATED COSTS OF LOWERED PRODUCTIVITY OR THE INEFFICIENCES OF A NEWLY TRAINED EMPLOYEE. AND WITH A TEMPORARY WORKER, THE EMPLOYER ALSO LOSES THE DEDICATION AND CONCERN FOR THE CONTINUED SUCCESS

OF THE BUSINESS.

RELIABLE ESTIMATES ON REPLACEMENT COSTS ARE AVAILABLE FROM A NUMBER OF SOURCES, AND I WOULD LIKE TO SHARE SOME OF THOSE ESTIMATES WITH YOU. ESTIMATING THESE COSTS ARE AN INTEGRAL PART OF THE HUMAN RESOURCE FUNCTION IN THE PRIVATE SECTOR. ALL OF THESE FIGURES ARE FROM 1985 OR LATER.

1. THE EMPLOYMENT MANAGEMENT ASSOCIATION SURVEYED 12 DIFFERENT BUSINESS CATEGORIES ACROSS THE COUNTRY AND THEIR 1985 FIGURES SHOW THAT HIRING AN EXEMPT OR MANAGEMENT EMPLOYEE COSTS ABOUT $7,000 ($6,974 ACTUAL) INCLUDING RELOCATION COSTS.

2. THE MONTHLY PUBLICATION RECRUITING TRENDS INCLUDES THE GENERALLY RECOGNIZED RULE OF THUMB THAT:

- THE COST OF RECRUITING DONE IN-HOUSE OR BY A SEARCH FIRM IS USUALLY ABOUT 1/3 OF THE NEW HIRE'S FIRST YEAR SALARY
- NEW EMPLOYEE TRAINING COSTS ARE ABOUT 10

PERCENT OF THE FIRST YEAR'S SALARY; AND

- PRODUCTIVITY DOWNTIME, OR THE TIME LOST WHILE THE EMPLOYEE LEARNS THE JOB, IS OFTEN 50 PERCENT OF THE FIRST YEAR'S SALARY.

USING THESE GUIDELINES, RECRUITING COSTS FOR AN EMPLOYEE EARNING $18,000 ANNUALLY ARE ABOUT $6,000. TRAINING COSTS, AT 10 PERCENT OF $18,000, ARE $1,800. THE COST OF THE EMPLOYEE LEARNING THE JOB -- THE LOST PRODUCTIVITY COSTS -- ARE CONSERVATIVELY $7,200. I SAY CONSERVATIVELY BECAUSE I USE 40 PERCENT INSTEAD OF 50 PERCENT. THIS MEANS THAT THE COST OF RECRUITING AND TRAINING A NEW EMPLOYEE WITH AN $18,000 SALARY IS $15,000. THIS DOES NOT INCLUDE ANY BENEFIT COST AND IS OVER AND ABOVE THE EMPLOYEE'S DIRECT SALARY.

WHAT IS INVOLVED IN THESE COSTS? TRAINING AND LOST PRODUCTIVITY COSTS INCLUDE NEW HIRE ORIENTATION, INCLUDING BOTH THE EMPLOYEE AND TRAINER'S TIME; FORMAL JOB TRAINING, INCLUDING BOTH THE EMPLOYEE AND TRAINER'S TIME; ON THE JOB TRAINING, INCLUDING THE SUPERVISOR'S AND NON-SUPERVISORY HEL[ER'S TIME; SUBSTANDARD PERFORMANCE BY THE NEW EMPLOYEE; EXTRA WORK FOR OTHERS TO OFFSET SUBSTANDARD PERFORMANCE AND HIGHER ERROR RATE FOR NEW EMPLOYEES.

USING THESE GUIDELINES FOR A SALARIED EMPLOYEE MAKING $36,000, RECRUITMENT COSTS ARE ABOUT $12,000, TRAINING COSTS ARE ABOUT $3,600, AND LOST PRODUCTIVITY COSTS, AGAIN USING 40 PERCENT OF SALARY, ARE $14,400. SO, THE COST OF FINDING AN EMPLOYEE AND THE NEW EMPLOYEE'S FIRST YEAR ON THE JOB ARE $30,000. WHILE THESE FIGURES WILL VARY, THEY PROVIDE A GENERALLY ACCURATE PICTURE OF REPLACEMENT COSTS.

EXTRA WORK FOR OTHERS TO OFFSET SUBSTANDARD PERFORMANCE AND HIGHER ERROR RATE FOR NEW EMPLOYEES.

COVERING AN EMPLOYEE'S JOB WITH OVERTIME FROM EXISTING EMPLOYEES IS EQUALLY EXPENSIVE. 40 HOURS OF OVERTIME FOR 18 WEEKS COSTS OVER $2,500 IN ADDITIONAL WAGES ALONE.

WHILE COSTS ASSOCIATED WITH LEAVING A POSITION VACANT MAY BE LESS TANGIBLE, LOST OPPORTUNITY COSTS ARE NO LESS REAL FOR A COMPANY STRUGGLING TO COMPETE IN A RAPIDLY CHANGING MARKETPLACE.

IT HAS BEEN SUGGESTED THAT THE COST OF THIS LEAVE IS MINIMAL SINCE WE DON'T KNOW HOW MANY NEW PARENTS WILL ACTUALLY USE IT AND SINCE STATISTICS FROM OTHER COUNTRIES WHICH HAVE SUCH LEGISLATION INDICATE THAT MEN RARELY USE SUCH LEAVE. THIS ASSERTION IGNORES THE FISCAL REALITIES OF HOW A BENEFIT PACKAGE MUST BE STRUCTURED. WHETHER OR NOT EMPLOYEES TAKE PARENTAL LEAVE, THE COST OF MAKING THE LEAVE AVAILABLE MUST BE FACTORED INTO THE BENEFITS PACKAGE AS IF EVERY EMPLOYEE WILL, IN FACT, USE IT. BECAUSE A COMPANY WILL BE REQUIRED BY LAW TO OFFER LEAVE IF AN EMPLOYEE REQUESTS IT AND SINCE THERE IS NO WAY FOR AN EMPLOYER TO KNOW IN ADVANCE HOW MANY WILL TAKE LEAVE DURING A GIVEN YEAR, THE EMPLOYER MUST PLAN AS IF ALL EMPLOYEES WILL USE LEAVE. THEREFORE, THE

COST OF HIRING REPLACEMENT WORKERS, TEMPORARY OR OTHERWISE, WILL BE ADDED TO THE COST OF EACH EMPLOYEE'S BENEFITS PACKAGE.

IT'S BEEN SAID THAT THIS LEGISLATION DOES NOT MANDATE A BENEFIT BUT INSTEAD SETS A MINIMUM STANDARD TO ENABLE EMPLOYERS TO ACCOMMODATE PARENTS WITH A NEW OR SICK CHILD. THE CHOICE OF TERMINOLOGY DOES NOT ALTER HOW EMPLOYERS WILL FACTOR PARENTAL LEAVE INTO THE BENEFITS PACKAGE, WHICH CURRENTLY AVERAGES 37 PERCENT OF AN EMPLOYER'S PAYROLL.

WERE S.249 ENACTED INTO LAW, THAT 37 PERCENT FIGURE WOULD NOT BE INCREASED TO ACCOMMODATE THE COST INCURRED WHEN AN EMPLOYEE TAKES A LEAVE OF ABSENCE. RATHER, IN THIS ERA OF COST-CONTAINMENT OF BENEFITS, THE ADDED COST OF INCLUDING PARENTAL LEAVE WOULD PROBABLY REQUIRE EMPLOYERS, ESPECIALLY SMALL BUSINESSES, TO ELIMINATE OTHER BENEFITS IN ORDER TO MAINTAIN THE SAME LEVEL OF BENEFITS AND FINANCIAL SUPPORT. ELIMINATION OF PREFERRED OPTIONAL BENEFITS WILL FOLLOW. YET

THE RECENT TREND TOWARD "CAFETERIA-STYLE" BENEFITS HAS ADVANTAGES FOR EMPLOYER AND EMPLOYEE ALIKE. THE EMPLOYEE IS ABLE TO MAKE CHOICES TO MEET HIS OR HER INDIVIDUAL NEEDS WHILE THE COMPANY CAN CONTROL COSTS. IMPOSING BENEFITS RESTRICTS BOTH EMPLOYER AND EMPLOYEE.

IF S.249 BECAME LAW, EMPLOYERS WOULD HAVE NO CHOICE BUT TO CUT SOME BENEFITS THAT ARE CURRENTLY OPTIONS -- OPTIONS THAT EMPLOYEES MAY HAVE REQUESTED.

ARE EMPLOYERS CURRENTLY ALLOWING PARENTAL LEAVE? 13

ASPA HAS JUST COMPLETED A SURVEY OF ITS MEMBERS IN ORDER TO LEARN WHAT BENEFITS ARE ACTUALLY BEING OFFERED. IN RESPONSE TO THE QUESTION OF HOW COMPANIES TREAT WOMEN WHO WISH TO TAKE MATERNITY LEAVE TO CARE FOR A NEW CHILD FOLLOWING PREGNANCY DISABILITY, 63.6 PERCENT OF 313 RESPONDING EMPLOYERS PERMIT THE MOTHER TO TAKE LEAVE WITHOUT PAY FOR VARYING PERIODS OF TIME.

A MOTHER RETURNING FROM MATERNITY LEAVE IS GUARANTEED HER PREVIOUS JOB BY 25.4 PERCENT OF THE 260 RESPONDING EMPLOYERS AND IS GUARANTEED A SIMILAR JOB AND PAY BY 24.2 PERCENT.

26.9 PERCENT OF RESPONDENTS SAID IT VARIES, BUT MANY OF THESE SAME RESPONDENTS INDICATED THAT WHILE THERE WAS NO FORMAL LEAVE POLICY, WHENEVER MATERNITY LEAVE HAD BEEN TAKEN, THE MOTHER HAD FREQUENTLY RETURNED TO HER SAME JOB OR A SIMILAR ONE.

IT IS IMPORTANT TO REMEMBER THAT UP TO 50 PERCENT OF THE WOMEN IN THE WORKFORCE WHO HAVE CHILDREN ELECT NOT TO RETURN TO WORK AT ALL.

THE SURVEY INDICATES THAT BETWEEN ONE AND THREE MONTHS IS THE TYPICAL LENGTH OF MATERNITY LEAVE GRANTED (54.8 PERCENT). NOTEWORTHY, HOWEVER, IS THAT 39 PERCENT OF RESPONDENTS CURRENTLY ALLOW MORE THAN FOUR MONTHS OF MATERNITY LEAVE.

IN SUMMARY, CLOSE TO 3/4 OF ALL BUSINESSES SURVEYED ALREADY PERMIT MATERNITY LEAVE WITHOUT PAY AND ALMOST HALF OF THESE COMPANIES ALREADY GUARANTEE A POSITION ON RETURN. FULLY 1/4 OF THE COMPANIES SURVEYED GUARANTEE THE SAME POSITION AND MOST COMPANIES THAT DON'T FORMALLY GUARANTEE THE POSITION USUALLY SUCCESSFULLY PLACE THE RETURNING EMPLOYEE IN THE SAME OR SIMILAR POSITION.

TESTIMONY OF CYNTHIA SIMPLER

COMMON SENSE, AS WELL AS ECONOMICS, TELLS US THAT LARGER COMPANIES WILL HAVE AN EASIER TIME INCORPORATING PARENTAL LEAVE INTO THEIR BENEFITS PACKAGES THAN WILL SMALLER COMPANIES, SIMPLY BECAUSE LARGE FIRMS CAN SPREAD THE ADDED COSTS OVER A GREATER NUMBER OF EMPLOYEES. REQUIRING PARENTAL LEAVE WILL DISPROPORTIONATELY IMPACT SMALL BUSINESSES. FOR THIS REASON, THE WHITE HOUSE CONFERENCE ON SMALL BUSINESSES HAS PLACED PARENTAL LEAVE AT NUMBER 2 ON ITS ISSUE PRIORITY LIST, SECOND ONLY BEHIND THE LIABILITY CRISIS.

IN THE PAST 5 YEARS, SMALL BUSINESS HAS BEEN THE MOST DYNAMIC SECTOR OF OUR ECONOMY, WITH 80 PERCENT OF ALL NEW JOBS CREATED HERE. ACCOMMODATING THE COSTS OF EXTENDED EMPLOYEE LEAVES IS LIKELY TO ABSORB A GOOD DEAL OF THE

TESTIMONY OF CYNTHIA SIMPLER

CAPITAL THAT WOULD HAVE BEEN ALLOCATED TO BUSINESS EXPANSION.

THE POSSIBILTY OF THIS TYPE OF LEAVE BECOMING FULLY PAID, WHICH IS TO BE STUDIED UNDER S.249, IS TRULY APPALLING TO BUSINESS IN GENERAL. EVEN UNDER THE CONCEPT OF "UNPAID LEAVE," SMALL BUSINESS WILL HAVE EXTREME DIFFICULTY IN COMPLYING. IF LEAVES ARE TO BE PAID, MANY SMALL EMPLOYERS MIGHT BE FORCED OUT OF BUSINESS WHEN OPERATING COSTS ARE PUSHED TO AN UNACCEPTABLE LEVEL.

FROM A PERSONAL STANDPOINT, I AM OPPOSED TO THIS BILL BECAUSE I BELIEVE THE BILL WILL RESULT IN HIDDEN DISCRIMINATORY EMPLOYMENT PRACTICES. WOMEN OF CHILD-BEARING AGE WILL BE THE VICTIMS, AS THEY ARE ASSUMED TO BE MOST LIKELY TO TAKE PARENTAL LEAVE.

YOU, THE LEADERS OF OUR COUNTRY, HAVE CHALLENGED AMERICAN BUSINESS TO INCREASE PRODUCTIVITY AND IMPROVE QUALITY TO GUARANTEE OUR COUNTRY'S POSITION IN THE WORLD

MARKET. SMALL TO MEDIUM-SIZED OPERATIONS WILL NOT SURVIVE IF OUR GOVERNMENT CONTINUES TO IMPOSE COSTS THAT OWNERS CANNOT CONTROL.

AS A CITIZEN, I AM CONCERNED WITH THE IMMEDIATE IMPACT SUCH LEGISLATION HAS ON BUSINESS AND THE RESULTING IMPLICATIONS FOR EVERY AMERICAN. WHEN AMERICA GOES OUT OF BUSINESS, SO DOES THE AMERICAN WAY OF LIFE. AS AMERICA'S MANAGEMENT TEAM, I URGE YOU TO WEIGH THE COSTS OF THIS BILL AND TO VOTE AGAINST IT.

Senator Dodd. Ms. Scarcelli.

Ms. Scarcelli. Thank you, Mr. Chairman, Members of the Committee.

My name is Pat Scarcelli, and I am an International Vice President and Director of Women's Affairs for the United Food and Commercial Workers International Union. With me today is Karen Terwilleger, from our Legislative Department.

I would just like to tell you a little bit about my union. We are 1.3 million members in the United States and Canada, and we have over 600 local unions through the United States and Canada. And the UFCW and its local unions have collective bargaining agreements with tens of thousands of employers throughout the food industry including fish and fish processing, retail sales, leather, fur, health, manufacturing and processing, insurance workers, beauty trades and other industries.

On behalf of our members, I am pleased to testify in favor of Senate Bill 249, the Parental and Family Leave Act.

This Act establishes a Federal minimum, and I would like to repeat that—it is a Federal minimum—for job-secure parental and medical leaves without pay. This will protect workers who face employment loss due to parental responsibilities or temporary medical conditions.

Minimum standards for job-guaranteed leave allow employees the security to care for their children and themselves.

Changes in the structure of families make this bill timely. Economic and social changes have resulted in new family patterns. The traditional two-parent-one-wage-earner family is becoming very rare. In most families, both parents must work. Economic necessity has forced women into the job market.

Forty percent of married working mothers have husbands who earn less than $15,000 per year. Women are thus major contributors to the family income. As women's earnings become more important, less time is available for parenting. To help them cope with pregnancy, childbirth and childrearing, working women need job-secure parental leave.

The Parental and Family Leave Act also allows working men the freedom to participate in raising their children. As recently as 1986, 62.8 percent of companies surveyed considered parental leave inappropriate for men. Clearly, as families change and greater numbers of women enter the work force, more flexible leave policies are needed. Fathers as well as mothers should have the opportunity to care for their children. Along with reducing the traditional childcare burden on women, parental leave encourages men to develop parenting skills.

Currently, due to inflexible leave policies, few fathers ever have the opportunity to experience the joys of intimate involvement in their children's daily lives.

The problem of childrearing is especially acute for single parents. While two-parent families may be able to juggle schedules to take care of parental responsibilities, single parents do not have that flexibility. No parent, regardless of whether they are female or male, should be required to choose between staying at home with a sick child or losing his job, much less choosing between economic security and having a child at all.

Senate Bill 249 provides for unpaid leave. Although low-income workers may not be able to take 18 weeks of leave, job security allows for personal financial planning. In the event of an unexpected emergency, job-secure leave enables the parent to deal with the situation without fear of losing her job or his job.

The guarantee of job security is equally important to low-, intermediate-and high-income workers. Changes in family structure present challenges to traditional methods of childrearing. These challenges require action now to keep families strong.

Senate Bill 249 strengthens the foundation of family support by allowing workers to be parents and also to retain their jobs, instead of having to choose between the two.

Senate Bill 249 also ensures job-secure leave for temporary medical disability. Many individuals once fired for absences due to serious illness find reemployment difficult. Potential employers often regard illness as an undesirable condition which they would prefer to avoid. Senate Bill 249 recognizes that workers may be temporarily unable to perform their jobs and protects those individuals from job loss.

I would like to give you a little example of that. We recently organized the Delta Catfish workers in Greenwood, Mississippi. There were 1,000 women employed in that factory. One of the main reasons why they voted in favor of joining the United Food and Commercial Workers was because they had a fear that if they got an injury on the job, if they lost a finger, if their arms or their hands were cut from slicing catfish, they lost their jobs. They could not be sick, they could not have children, because they would lose their jobs. And that is why we were so successful in organizing in the South, organizing catfish workers and organizing over 1,000 workers in that area. And we expect to organize more, just based on dignity.

Many employers agree that extending parental medical leave is a good policy, but argue that administrative problems make implementation impossible. Rerouting work seems to be the major difficulty. We believe that scheduling around leave is possible. In the industries in which we represent workers, it is regularly done. In most retail establishment and health care facilities, large pools of permanent part-time workers are employed. Often, these employees have regular part-time shifts, but are on-call for additional hours.

According to a recent UFCW poll, 39.5 percent of our membership is part-time. The same poll revealed that at least 20 percent of those part-time workers were eager to work extended hours. In service industries, retail, health care and restaurant and hotel, which account for an increasing share of the job market, schedules are generally constructed and posted each week. This system gives the employer a great deal of flexibility in routing work and scheduling leaves. Part-time employees are available to work the hours of the employee on leave. When the employee returns, he or she is simply integrated back into the weekly work schedule.

Administrative difficulties and morale problems are not common, since part of the function of part-time employees is to fill in for other employees on leave. In the food processing industry, like many typical assembly line industries, workers are generally full-time employees. Fewer part-timers are hired. Due to industrial accidents, vacations and other disruptions, extended leaves are regularly granted and worked into the schedule. Full-time floaters move from line to line to cover absences.

United Food and Commercial Workers has parental leave and medical leave in many of their contracts. We have never seen an employer go out of business because these leaves are incorporated into the contract, nor have we ever met an employer that wants to take them out of the contract.

I have worked in the Philadelphia area negotiating contracts for over 12 years. I have never dealt with an employer that ever asked me to remove 26 weeks of disability leave for an employee. That has never happened to me. And yet the industries that I represent were able to reschedule, reroute the work, and they really never had a problem when an employee took an extended leave.

The UFCW experience is confirmed in a Catalyst Career and Family Center Survey of Fortune 1500 companies. The Center found that companies typically reroute work of employees on leave. Of those responding, 79.8 percent reroute managerial work, while 73.8 percent reroute nonmanagerial work.

In addition, internal and external temporaries are utilized; for managerial work, 31.1 percent of the companies used external temporaries, and 50.9 percent used internal temporaries. For nonmanagerial work, 77.5 percent hired outside temporaries, and 63.9 percent utilized internal temporaries.

In this survey, firm size was not a factor in routing or hiring decisions. There was no significant difference in responses based on the size of the company.

As the economy changes, economic and family patterns will continue to change. Today we need policies to cope with new challenges facing working families. Parental and medical job-secured leaves are one such policy. The leaves are virtually needed to strengthen the financial and social health of families.

Job-secured leaves allow working people to raise a family and retain a job without the trauma of conflict. They allow individuals to cope with serious illnesses knowing that their jobs are secure. The Parental and Medical Leave Act is sound policy for American families.

The UFCW strongly urges you to support Senate Bill 249, and I thank you for the opportunity for the UFCW to present its views on this major legislation.

Senator Dodd. Thank you very much for your testimony.

[The prepared statement of Ms. Scarcelli follows:]

UFCW

STATEMENT OF PAT SCARCELLI

INTERNATIONAL VICE PRESIDENT

UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNION

BEFORE THE SUBCOMMITTEE ON CHILDREN, FAMILY DRUGS & ALCOHOLISM

UNITED STATES SENATE

APRIL 23, 1987

Mr. Chairman, members of the Committee: my name is Pat Scarcelli and I am an International Vice President and Director of Women's Affairs for the United Food and Commercial Workers International Union (AFL-CIO). With me today is Karen Terwilleger from our legislative department.

The UFCW is a labor union with 1.3 million members organized in some 600 local unions throughout the United States and Canada. The UFCW and its local unions have collective bargaining agreements with tens of thousands of employers throughout the food industry, including fishing and fish processing, retail sales, leather, fur, health, shoe manufacturing and other industries.

On behalf of our members, I am pleased to testify in favor of S. 249 the Parental and Family Leave Act of 1987.

The act establishes a Federal minimum for job-secured parental and medical leaves without pay. This will protect workers who face employment loss, due to parental responsibilities or temporary medical conditions. Minimum standards for job-guaranteed leave, allow employees the security to care for their children and themselves.

(2)

Changes in the structure of families make this bill timely. Economic and social changes have resulted in new family patterns. The traditional two-parent, one-wage-earner family is becoming rarer. In most families, both parents must work. Economic necessity has forced women into the job market.

Forty percent of married working mothers have husbands who earn less than $15,000 per year. Women are thus major contributors to family income. As women's earnings become more important, less time is available for parenting. To help them cope with pregnancy, childbirth, and child rearing, working women need job-secure parental leave.

The Parental and Family Leave Act also allows working men the freedom to participate in raising their children. As recently as 1986, 62.8% of companies surveyed (Catalyst Career and Family Center Survey, Fortune 1500 companies, 384 respondants) considered parental leave inappropriate for men. Clearly, as families change and greater numbers of women enter the workforce, more flexible leave policies are needed. Fathers, as well as mothers, should have the opportunity to care for their children. Along with reducing the traditional child-care burden on women, parental leave encourages men to develop parenting skills. Currently, due to inflexible leave policies, few fathers ever have the opportunity to experience the joys of intimate involvement in their childrens' daily lives.

The problem of child-rearing is especially acute for single parents. While two-parent families may be able to juggle schedules to take care of parental responsibilities, single parents do not have that flexibility. No parent should be required to choose between staying home with a sick child and losing her/his job.

S. 249 provides for unpaid leave. Although low-income workers may not be able to take 18 weeks of leave, job security allows for personal financial planning. In the event of an unexpected emergency, job secure leave enables a parent to deal with the situation, without fear of losing her/his job. The guarantee of job security is equally important to low, intermediate, and high income workers.

Changes in family structure present challenges to traditional methods of child-rearing. These challenges require action now to keep families strong. S. 249 strengthens the foundation of family support by allowing workers to be parents and to retain their jobs.

S. 249 also ensures job-secure leave for temporary medical disability. Many individuals, once fired for absences due to serious illness, find re-employment difficult. Potential employers often regard illness as an undesirable condition which they would prefer to avoid. S. 249 recognizes that workers may be temporarily unable to perform their jobs, and protects those individuals from job loss.

Many employers agree that extending parental and medical leave is a good policy, but argue that administrative problems make implementation impossible. Re-routing work seems to be the major difficulty. We believe that scheduling around leaves is possible. In the industries in which we represent workers, it is regularly done. In most retail establishments and health care facilities, large pools of permanent part-time workers are employed. Often these employees have regular part-time shifts, but are "on call" for additional hours. According to a recent UFCW poll 39.5% of our membership is part-time. (1986, Wilson Institute, part-time = less than 32 hrs. a week) The same poll revealed that at least 20% of those part-time workers were eager to work extended hours.

In service industries (retail, health care, restaurant-hotel) which account for an increasing share of the job market, schedules are generally constructed and posted each week. This system gives the employer a great deal of flexibility in routing work and scheduling leaves. Part-time employees are available to work the hours of the employee on leave. When the employee returns, she/he is simply integrated back into the weekly schedule. Administrative difficulties and morale problems are not common, since part of the function of part-time employees is to fill in for other employees on leave.

In the food processing industry, like many typical assembly-line industries, workers are generally full-time employees. Fewer part-timers are hired. Due to industrial accidents, vacations, and other disruptions, extended leaves are regularly granted and worked into the schedule. Full-time "floaters", move from line to line to cover absences.

The UFCW experience is confirmed in a Catalyst Career and Family Center Survey of Fortune 1500 companies (1986, 384 respondents). The Center found that companies typically re-route work of employees on leave. Of those responding 79.8% re-route managerial work, while 73.8% re-route non-managerial work. In addition, internal and external temporaries are utilized. For managerial work, 32.1% of the companies used external temporaries and 50.9% used internal temporaries. For non-managerial work, 77.5% hired outside temporaries and 63.9% utilized internal temporaries. In the survey, firm size was not a factor in routing or hiring decisions. There was no significant difference in responses based on the size of the company.

Administrative procedures for adjusting in leaves are currently in place. Extended leaves could be integrated into the system in many industries.

As the economy changes, economic and family patterns will continue to change. Today, we need policies to cope with new challenges facing working families. Parental and medical job-secured leaves are one such policy. The leaves are vitally needed to strengthen the financial and social health of families.

Job-secured leaves allow working people to raise a family and retain a job without the trauma of conflict. They allow individuals to cope with serious illnesses, knowing that their jobs are secure. The Parental and Medical Leave Act is sound policy for America's families. The UFCW strongly urges you to report S. 249 favorable to the full committee and the Senate.

Thank you for the opportunity for the UFCW to present its views on this major legislation.

Senator DODD. Senator Thurmond, do you have any questions for this panel?

Senator THURMOND. Thank you, Mr. Chairman. I am a little bit hoarse; I hope you can hear me.

I want to take this opportunity to welcome the witnesses here, especially the South Carolina witness, Ms. Simpler. We are very pleased to have you here.

I was interested in reading your statement, and you gave some figures which I think are most interesting. One statement you made is that, "I am concerned that Federally-mandated benefits like the 18 weeks of leave in S. 249 will eventually put companies like mine out of business. I work for a manufacturing operation which produces screwdrivers and which feels the heat of foreign competition daily. We are making every effort to increase productivity, reduce cost, and improve the quality of our products to maintain a competitive position in the world market. One hundred twenty-five people work in our plant. Our wages and benefits are competitive in our community. However, within our first 12 months of operation in South Carolina, we had to reduce our work force and increase productivity and sales to stay alive."

You are concerned that if this bill passes, it might put you in a noncompetitive position where your company might go out of business, are you?

Ms. SIMPLER. Yes, sir. Our concern is any time that costs are imposed that we do not have any control over or any flexibility with, that it just makes it that much more of a mountain to climb.

Senator THURMOND. In another part of your statement you mention, "Just the benefits for the full term of parental leave cost over $1,600 for the average hourly employee in our plant. The average training period in our plant is four weeks, so our training costs average over $1,100 in wages alone. These costs total about $2,800 for one employee."

And another statement you make: "With a temporary worker, the employer also loses the dedication and concern for the continued success of the business."

In other words, as I construe what you say, a regular employee who is interested in permanent work will have more dedication than a temporary worker who is there, just filling in, so to speak. Is that correct?

Ms. SIMPLER. Yes, sir. Whenever you have people just passing through, you do not get the same dedication and concern. As I mentioned, you lose some of the productivity. You lose the ability to produce at a higher level of quality.

In Fountain Inn, we started with a totally untrained work force. They knew nothing and I knew nothing about screwdrivers. And we pulled it together, and we have been on a learning curve, and we are just beginning to overcome that some now. And I see some stability there, some concern. It is a small operation, a family-type operation, and by our being able to be flexible, we can meet the needs of the broadest range of our employees.

Senator THURMOND. Another statement you make is, "Nineteen eighty-five figures show that hiring an exempt or management employee costs about $7,000—$6,974 actual—including relocation costs. The cost of recruiting done in-house or by a search firm is usually about one-third of the new hire's first-year salary."

"New employee training costs are about 10 percent of the first year's salary."

Is that correct?

Ms. **Simpler**. Yes, sir.

Senator **Thurmond**. "Productivity downtime, or the time lost while the employee learns the job, is often 50 percent of the first year's salary."

Is that your opinion, or is that the figures of your company?

Ms. **Simpler**. Well, ASPA has helped with some of the statistics on this, but I can tell you from a personal standpoint, whenever you get into recruiting and training, you do face the cost of recruiting. You can survey outside firms and see that they charge fees of up to 30 percent. That is just common practice.

Senator **Thurmond**. Then you make this statement: "Using these guidelines, recruiting costs for an employee earning $18,000 annually are about $6,000. Training costs, at 10 percent of $18,000, are $1,800. The cost of the employee learning the job—the lost productivity costs—are conservatively $7,200. I say conservatively because I use 40 percent instead of 50 percent. This means that the cost of recruiting and training a new employee with an $18,000 salary is $15,000. This does not include any benefit cost and is over and above the employee's direct salary."

Is that your statement?

Ms. **Simpler**. Yes, sir.

Senator **Thurmond**. So you feel it would be that much?

Ms. **Simpler**. After having experienced particular what I have, having gone through three start-ups now, one in retail, two in manufacturing, I am very much aware of the costs associated with start-up and training and bringing in new people.

As I said before, you face the lower productivity, and you face the lower quality, which is something else that is just another associated cost.

Senator **Thurmond**. In other words, as I understand, the company you work for makes screwdrivers in hot competition with Taiwan and other countries.

Ms. **Simpler**. Yes, sir, that is correct.

Senator **Thurmond**. And that if this bill is passed, it would increase the cost of operation and could put your company out of business and put 125 people out of business; is that correct?

Ms. **Simpler**. One hundred twenty-five families would suffer, yes, sir.

Senator **Thurmond**. Now, another point you mentioned which I think is very significant is this: "In this era of cost containment of benefits, the added cost of including parental leave would probably require employers, especially small businesses, to eliminate other benefits in order to maintain the same level of benefits and financial support. Elimination of preferred optional benefits will follow. Yet the recent trend toward cafeteria-style benefits has advantages for employer and employee alike. The employee is able to make choices to meet his or her individual needs, while the company can control costs. Imposing benefits restricts both employer and employee."

In other words, if you had your choice, you might prefer some other benefit to this benefit; but if this is mandated by law, you would be deprived of that choice, of choosing what benefit you prefer; is that correct?

Ms. SIMPLER. Yes, sir. And if you lock in on one benefit, then you cannot offer as broad a range to your employees for them to have a choice. It is just like the HMO versus health insurance. Right now, that is something we have just recently done at our own company. And if you listen to the people here today, most of these employers are trying to work with employees and offer parental leave—flex-time schedules, cafeteria-style benefits. And I think that just the growing competition among business and industry in that labor market is going to force us to continue to be innovative to attract and retain the most valuable and the most productive workers.

Senator THURMOND. And more or less in conclusion, you made this statement: "If S. 249"—that is this bill—"became law, employers would have no choice but to cut some benefits that are currently options, options that employers may have requested."

So if this bill passes, it will be law, and they will have to do what this bill requires.

Ms. SIMPLER. Yes, sir.

Senator THURMOND. Whereas under the law now, the employers can give you options, they can give you more insurance, they can give you more holidays, they can give you more benefits in other ways, health and sickness protection and so forth. But if this bill passes, this will put a burden on the company to mandate, to do this for you, but then you are deprived of any options of any other kind.

Ms. SIMPLER. Yes, sir, that is correct.

Senator THURMOND. And it is possible that if you were choosing and had the right to freedom to choose other benefits, you might prefer other benefits to what this bill requires in S. 249; is that correct?

Ms. SIMPLER. Yes, sir. I think you will notice I quoted in there 37 percent of our payroll costs right now are benefit costs. And we are not in a position right now——

Senator THURMOND. Thirty-seven percent?

Ms. SIMPLER [continuing]. Of the employer's payroll dollars, yes, sir. And for my own company that I work for, we are not in a position right now, because we are struggling now to stay alive and to stay profitable and provide secure jobs for our employees, we could not expand on that. And if we were forced to provide parental leave, we would have to weigh our other benefits and see where we could offset that cost.

Senator THURMOND. Then, in summary you say, "Close to three-fourths of all businesses surveyed already permit maternity leave without pay, and almost half of these companies already guarantee a position on return. Fully one-fourth of the companies surveyed guarantee the same position, and most companies that do not formally guarantee the position usually successfully place the returning employee in the same or similar position."

So the point you are making is that from a common sense standpoint, as well as economics, this bill will deprive the employee of choosing the benefits that he or she prefers because the benefit under this bill will be mandated and have to be made, and therefore there is no choice to employees.

Ms. **Simpler**. That is correct.

Senator **Thurmond**. Thank you very much. We are glad to have you here. I want to do everything I can for the mothers and the children. I know what it means for them to work with their children, and I am very pleased to get your viewpoint because I am not too sure that viewpoint has been brought out here by other witnesses.

Thank you very much.

Ms. **Simpler**. Thank you, sir.

Senator **Dodd**. Thank you very much, Senator Thurmond.

Ms. Simpler, how long has there been a parental leave policy at your plant?

Ms. **Simpler**. Since we started. It is not a written policy. We treat it like any medical disability. And we also have personal leave——

Senator **Dodd**. Wait a minute, now. It is not a written policy?

Ms. **Simpler**. In the sense that I could not hand you a copy of it today, no, sir. It is an established practice, though, which I personally administer.

Senator **Dodd**. Well, how do people know what it is?

Ms. **Simpler**. It is there. It has been there for them. They know what our practices have been as far as their personal health and welfare.

Senator **Dodd**. But there is nowhere an employee can go and say this is what the policy of the company is with regard to parental leave? Is it not spelled out anywhere for them at all?

Ms. **Simpler**. This is a small Southern town, Fountain Inn, and those folks come in and see me, and they say, "Cindy, I need to be off for this amount of time," and we go from there.

Senator **Dodd**. Is it paternal leave or maternity leave?

Ms. **Simpler**. Well, we have not had any requests for paternity leave as yet. We have had a couple of fellows whose wives had babies, and they took the time off they felt they needed. But it is a personal decision, and that is the advantage I see of where we stand right now is that employers have that flexibility to work with an employee one-on-one to meet their individual needs.

Senator **Dodd**. But basically, it is a management decision on a case-by-case basis as to whether or not you are going to allow a person, a man or a woman, to take time off to be with a sick child or a newly-born child?

Ms. **Simpler**. Yes, sir. Yes, sir, that is the case. But again, I think——

Senator **Dodd**. So again it is not a benefit package in the sense that that is something that has been negotiated between management and labor at your particular facility. It is really at the discretion of management there as to whether or not you will extend that benefit, depending on the individual.

Ms. **Simpler**. Oh, excuse me, sir. I am sorry. I must have misunderstood you, because we do have a clearly spelled-out disability package which takes care of employees for up to 13 weeks right now on sick and accident.

Senator DODD. I am talking about paternity and maternity leave here.

Ms. SIMPLER. Yes, sir. You are talking specifically about paternity——

Senator DODD. Or parental leave, yes.

Ms. SIMPLER. Paternity leave right now, if you want to narrow it down to just the men, is available through a personal leave on request——

Senator DODD. Does it include the sick child?

Ms. SIMPLER [continuing]. On a case-by-case basis.

Senator DODD. Determined by management.

Ms. SIMPLER. It might include a sick child; it might include a sick parent; it might include a personal hardship case. And right now it has that flexibility at our particular facility.

Senator DODD. But I am still not clear in my mind. I mean, I know there are disability packages and so forth, but part of the problem is a lot of them do not cover the kinds of situations we are talking about here with parental leave.

Ms. SIMPLER. No, sir. I am sorry. Evidently, I am not making myself very clear. We do have a personal leave policy outside our disability. Within that personal leave, it is very vague, because it is open to as many requests as anybody wants to step forward and make on an individual basis, and yes, sir, it is on a case-by-case basis.

Senator DODD. To be determined by management as to whether or not they can actually take the leave.

Ms. SIMPLER. Yes, sir, that is correct.

Senator DODD. Now, with respect to your statistics here and, your statistical base, did you hear the GAO's testimony this morning?

Ms. SIMPLER. I heard bits of it. It was kind of confusing in here today, a lot of people milling around. But yes, sir, I heard portions of it.

Senator DODD. Well, I was just curious in terms of your own testimony, because in the statistics you have cited here, basically what you are talking about is not a fact situation but what you anticipate would be the case.

Ms. SIMPLER. No, sir. On the information I quoted, dollar figures I quoted, so far as my own first-hand experience at Vermont American, I am very much familiar with that. The statistics that ASPA has put together, I am sure they will be happy to submit the detail of that to you for the record.

I am not familiar with the sources, the accounting——

Senator DODD. But I am talking about your numbers here. You talked about the possibility that 15 employees could have taken advantage of this program since the first of this year.

Ms. SIMPLER. Actually, the numbers increased.

Senator DODD. Well, how many did?

Ms. SIMPLER. Seventeen right now could have——

Senator DODD. No; how many did?

Ms. SIMPLER. How many did? I guess most of the cases are women. Some of them have not delivered yet, so they have not gone out yet.

Senator DODD. How many?

Ms. SIMPLER. Right now, eight women have either taken or taken in the next couple of weeks maternity leave——including myself.

Senator DODD. All right. So you cite that statistic, but you cite it as if all 15 had in your own report here.

Ms. SIMPLER. No, sir. I believe——

Senator DODD. You said if 15 had, the cost would have been *X*.

Ms. SIMPLER. Yes, sir.

Senator DODD. In fact, 15 did not.

Ms. SIMPLER. No, sir.

Senator DODD. It is not a mandatory program; employees do not have to take it.

Ms. SIMPLER. No, sir, they do not have to take it. But if you mandate it, what I am saying is employers will have to assume the cost of that. You will have to assess the cost of that and incorporate that as though every eligible employee will take that option.

Senator DODD. Well, that is why the GAO report is here. That was what the Chamber did, and that is why they came up with a figure of $16 billion. Then in a matter of weeks, the Chamber very quickly turned around and said, "We are sorry. That is not right." I mean, you cannot take your worst case scenario in trying to statistically determine what the effect of something is going to be.

What you have done here is created a worst case scenario and then said, "That is what it is going to cost us, and as a result, of course, we would be faced with that kind of charge." Statistically you cannot calculate things that way.

Ms. SIMPLER. I did not assume that every employee was going to take it. I am sorry. I guess I must not be very clear. I am not familiar with their statistics. I quoted you specifically how many workers in our own facility, which is in excess of 10 percent, would have been eligible. Over half of those have taken time off. We employ about 50 percent females, and so I am there, and as a mother, you can bet I am concerned about the needs of families, and in particular——

Senator DODD. No, I do not question that. I am not arguing with you on that. I understand.

Ms. SIMPLER. But I guess I am not clear on your question because assessing the costs, those costs on an individual basis—$2,800 might not sound like a lot of money to a larger corporation. But for a small organization like mine that employs 125 people, it can make heck of a lot of difference in the bottom line at the end of the month.

Senator DODD. Well, you can go through, and just to cite one—and I would be glad to let you see the GAO study——

Ms. SIMPLER. Thank you.

Senator DODD [continuing]. That they have completed, at least in part, and they will come back in September. But back in February, the Chamber came to this Committee and testified that the cost of parental leave nationally would be in excess of $16 billion. Within a matter of about three or four weeks, by March 10th, they came back again and said no, it is about $10 billion—a pretty significant drop—or, excuse me, they came in at $2 billion, the Chamber did. They went from $16 billion down to $2 billion, a rather significant fluctuation. You start calculating these things not on worst case scenarios, but in practicalities.

Fifty percent of women do not go back to the job after they have a child. Well, if your assumption is that everybody who has a baby is going to come back, in terms of the benefit costs, you get one figure. If you are getting a different set of statistics out there, you get another number. So you have got to calculate those things in. You cannot just write a program and say that for the purposes of testimony that this is as bad as it can be.

Ms. **Simpler**. Yes, sir, I agree with what you are saying. There are so many complex factors that come into play. For instance, just the thing that you mentioned that some women choose not to come back—but if we are covering—and again, I will just use our facility—and we do have to replace workers, because each one has a machine, and we cannot stretch people. We either have to replace them through a temporary or through overtime. But you have got an investment in that person. You have got that investment I referred to of training for the productivity and the quality.

If you do not bring them back, or if they choose not to come back, then that is an investment you have to make over and over again.

Senator **Dodd**. Well, that cuts both ways. The cost of training someone fresh is a lot more expensive, I would argue, than providing parental leave for someone for a few weeks and accommodating that particular gap without necessarily running out to hire someone altogether new. And, the productivity issue is, important. Even if you retrain someone quickly, according to the GAO, it takes about three years for a person to reach a level of competency in skilled jobs where they are being maximized in their productivity.

So you can put the newspaper ad in and then go through the retraining; but it seems to me from a purely dollars and cents standpoint, it would make more sense to say to a worker that for four or five weeks, or six or eight weeks, or whatever it is, that you need to stay home, your job is protected, your benefit package stays in place, and then come on back. I mean, that makes a lot more sense to me than it does to go out and, put ad in newspapers and hire and train people. You have lost the productivity, you have cost the training program, and you have lost a good employee.

Ms. **Simpler**. Of course. And that is what we are already doing. And that is what most employers are already doing.

I think if we——

Senator **Dodd**. Most are not doing it. That is the thing.

Ms. **Simpler**. Yes, sir, 80 percent. My husband is one of those 80 percent. He is self-employed. And those are the people that employ 15 or less. What about us guys who——

Senator **Dodd**. You are talking about a percentage of the work force. That is 80 percent of the 6 million employers, but it covers not quite 25 percent of the work force. Seventy-five percent of the work force is working for that 20 percent. And that is the important point.

Ms. **Simpler**. Yes, sir. And that 20 percent is the group that I am saying they are leading the way in providing new benefits—flextime, cafeteria-style benefits. Our company is already by choice—because we have to compete for this labor market—we are already providing the type of leave that you are suggesting be mandated.

Senator **Dodd**. Well, let me tell you, Hewitt Associates did a survey last year on the cafeteria benefits program, and there was not a single company they could find that as part of a cafeteria benefits plan, offered parental leave.

Ms. **Simpler**. Well, I have not personally done a survey, and I am not familiar with——

Senator **Dodd**. Are you familiar with Hewitt Associates?

Ms. **Simpler**. I have heard of Hewitt Associates, yes, sir, but I am not familiar with your statistics.

Senator **Dodd**. Well, I will get you a copy of that, too, to look at that.

Ms. **Simpler**. Thank you.

Senator **Dodd**. We thank you for your testimony, Ms. Scarcelli, particularly the story on the 1,000 women in that catfish operation, because that is exactly what we are talking about here in many cases. It is these jobs, probably not highly-skilled jobs——

Ms. **Scarcelli**. They are jobs of very low-skilled, low-wage-earning women.

Senator **Dodd**. I do not know if you were here earlier, but I said part of what we are trying to do is recognize the realities. We can argue about whether or not we would wish this reality were otherwise, but we are told by the Department of Labor and their statistics and the like that 80 percent of new hires in this country over the next seven years are going to be among women and minorities, and immigrants coming into the country. And most of these women are of childbearing age. We have heard earlier from people with regard to adoption and serious illness. It is a very, very difficult position to put someone in. And in some cases, unlike I would suggest maybe the screwdriver plant, where you have really unskilled workers, where you do not really have to train at all, I suspect the temptation will be on the part of employers in those cases to move them out. It may even, in fact, be a cost-saver to bring in that new hire at a lower wage rate, than to say to that person who is trying to raise a family or has a sick child, "Don't worry about it. Your job is here. Take those few weeks you need in order to get your family straightened out and come on back here."

I think the temptation with those workers, which comprise the bulk of people in this country who fall into that category, is going to be to say to them, "Tough luck." As we heard from the witnesses from South Carolina, such as the mother whose boss told her, "You leave to go to that hospital to take care of your son"—who has been under anesthesia 140 times—"if anything happens, you are responsible." And unfortunately, that is an ongoing problem. I wish more employers were as sensitive as you are to this particular situation or, as I mentioned earlier, the people I have talked to at major corporations who have done a great deal of good work on this. Unfortunately, the laws in this country are written for those who do not do the kinds of things that need to be done in this area.

So I thank you this morning as well, and we are going to come back and revisit this. And as I said, Strom, earlier, we are going to have the Justice Department up, because I know you are deeply interested in hearing what they have to offer and to say in this matter. And then we are going to get out of Washington, which is not a bad idea, and let some people out there share some views with us as well. And I hope, Strom, you will maybe be able to join us for part of those. We are going to Boston—I know how affectionate and fond you are of the Northeast and those New England towns up there—and then to Los Angeles and Chicago, and then we would like to go down to one of the good cities in the South as well. We should get a good flavor across the country about how people feel about this.

I thank all of you for being here, and we may have some additional questions for you in writing which we will submit. And I would like if I could, Ms. Simpler, to get the basis of how you drew those numbers that you have. That will help us. And I will see that you get the GAO report as well as the Hewitt Associates study of the cafeteria-style benefits.

Ms. SIMPLER. Thank you, sir.

Senator DODD. Thank you all.

This Committee will stand adjourned until further call of the Chair.

[Whereupon, at 12:22 p.m., the Subcommittee was adjourned.]

PARENTAL AND MEDICAL LEAVE ACT OF 1987

MONDAY, JUNE 15, 1987

U.S. SENATE,
SUBCOMMITTEE ON CHILDREN, FAMILY,
DRUGS AND ALCOHOLISM,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Boston, MA.

The subcommittee met, pursuant to notice, at 9:30 a.m., in Gardner Auditorium of the State House, Boston, MA, Senator Christopher J. Dodd (chairman of the subcommittee) presiding.

Present: Senators Dodd, Kennedy (chairman of the full committee), and Kerry.

OPENING STATEMENT OF SENATOR DODD

Senator DODD. Good morning. The Subcommittee on Children, Family, Drugs and Alcoholism of the Senate Labor and Human Resources Committee will come to order.

I am very pleased this morning to call to order this hearing in Boston, which is the site for the first in a series of regional hearings on Parental Leave that the Subcommittee on Children, Family, Drugs and Alcoholism will be holding across the country over the next several months.

We will also be traveling to Los Angeles, Chicago, and Atlanta over the rest of this summer and into the fall to listen to public witnesses across this country talk about the importance of parental leave, or any objections they may have to the bill as it is presently drafted.

But as a New Englander, I thought that Boston should be the very first place to begin such hearings, since the area is the site of some of the most revolutionary ideas in this country's history.

We have, and I am delighted to see them both here this morning, my senior colleague and the Chairman of the Labor and Human Resources Committee of the full Senate, Senator Kennedy; and a former colleague on this Committee, who is no longer on the Labor and Human Resources Committee, but someone who has played an active role and is deeply interested in the issues of children, particularly on parental leave and child care, Senator Kerry.

These regional hearings on parental leave, are intended to let parents, professionals, business opponents and supporters and community groups express their views on what I consider to be both a pro-family and a pro-business piece of legislation.

The Parental and Medical Leave Act of 1987, S. 249, which I reintroduced in the Senate on January 6th of this year, would promote the economic security of families by providing for job-protected leave for parents upon the birth, adoption, or serious illness of a child, and temporary medical leave when a serious illness prevents a parent from working.

Because such leave would be unpaid, I believe it will not add to the deficit nor to the economic burdens carried by employers. Yet several national business organizations, most notably the U.S. Chamber of Commerce and the National Association of Manufacturers, would disagree.

Right before I held the first Senate hearing on this issue, the U.S. Chamber announced that unpaid parental leave would cost employers $16.2 billion. Within days of that hearing, the Chamber readjusted its cost estimates to $2.6 billion, or something like $14 billion less than what they had announced at their first hearing. They announced that reduction, I might add, after we had called in the Subcommittee for a General Accounting Office study of what the actual costs would be.

Recognizing the importance of getting an objective view, of course, the GAO will report to the Congress more fully later this fall. But on April 23rd, the GAO testified before this Subcommittee that any costs associated with any unpaid leave would be significantly less, I might add, than the $2.6 billion figure now used by the Chamber.

By the time we finish these regional hearings at the end of September, the GAO will be ready to report back to the Subcommittee with a full cost-benefit estimate of this bill. And we will certainly be happy to provide all of the witnesses here, as well as those interested parties, with a copy of that report.

In light of the special burdens or problems often faced by small employers, businesses with fewer than 15 employees would be exempted from the provisions of this legislation. According to the General Accounting Office, that means that 80 percent of the firms in this country would be exempted from the provisions of this bill.

Keep in mind, however, that only 25 percent of the work force is employed by businesses with fewer than 15 workers. Therefore, three out of every four American workers would be eligible for job-protected parental leave under this bill.

It is important that policymakers and members of the public hear all sides of the story, and not just the arguments of one particular interest group. And for that reason, we will hear witnesses representing all viewpoints this morning. But we must bear in mind that the most important group affected by this legislation will not be testifying today; namely, the one out of every four Americans who are children under the age of 18.

The time has come when we can no longer ignore the changing demographics of our work force and its effect on children and families. Today, close to half of all mothers with infants under the age of one work outside the home. That figure has doubled since 1970 and shows no sign of abating. In fact, 85 percent of all women working outside the home are likely to become pregnant at some point during their careers.

I am certain most everyone in this room today knows of at least one new mother or father who is trying to juggle taking care of a new infant with getting straight back to their jobs. The reasons for this are simple: women and men are in the work force out of economic necessity. Two out of three women working outside of the home today are either the sole providers for the children, or have husbands who earn less than $15,000 a year.

Given that two out of every three children added to the poverty rolls since 1978 has come from a family in which one parent is working full-time year-round, it is not too difficult to see the importance to families of having two wage-earners. In short, the wages of both mothers and fathers today are critical to the support of their families.

It is important for us this morning to examine closely the question of which workers are most likely to benefit from an unpaid parental leave policy. Some of the philosophical opponents of this legislation have dubbed it a "yuppie proposal" because it only provides for unpaid leave. This morning we will hear testimony on this issue from parents at all ends of the pay scale.

We will also hear from the parents of children who have suffered accidental injury or serious illness requiring hospitalization and an extended period of recovery. They will delineate for us the importance in their lives of knowing that once their child's medical crisis is resolved, they still have a job to go back to.

Ronald McDonald Houses around the country have been strongly supported by local and nationwide businesses in their efforts to provide shelter at a minimal cost for parents who must travel far from home to procure appropriate medical care for a child's acute illness or injury.

Under this legislation, the same businesses that support Ronald McDonald Houses would also provide job guarantees for those employees with sick children who may seek shelter in those Ronald McDonald homes.

In closing, it is important that this Subcommittee will be kicking off its regional hearings on parental leave at the same time that millions of families across this country will be planning to celebrate Father's Day. As we will hear from our distinguished witnesses this morning, including policymakers working on state legislative initiatives in order to strengthen American families, we must no longer force parents to choose between their children and their jobs.

And so this morning I am, again, delighted to welcome the Chairman, of the full Committee, and someone who has really made it possible not only for us to be here today, but to schedule hearings in Washington, and made it possible for us to go across the country to hear from people; someone who spent years before this Senator arrived in the Senate working on these issues, someone who really has been an inspiration to all of us who care about parents and working families and the necessity to have both an income and also to keep a family together.

We are honored this morning to have Senator Kennedy be our lead-off witness. We will take your statement, Senator.

OPENING STATEMENT OF SENATOR KENNEDY

Senator **Kennedy**. Thank you very much, Senator Dodd, and my colleague, Senator Kerry.

First of all, I think all of us in Massachusetts want to extend our warm sense of appreciation for holding these hearings here in

Boston on a matter of very considerable significance and importance to many parents here in Massachusetts and throughout New England and our country.

I think all of us who served in the Senate, Senator Dodd, know that you were instrumental in establishing the Children's Caucus. The members of this caucus, made up of members of the Senate and the House, have worked tirelessly to place the issues of children on the agenda for the United States Congress.

All of us are very much in your debt for the leadership that you have provided in a range of different issues affecting the quality of life for children in this country. Once again we are grateful to you for holding these hearings all across the Nation. Because of your efforts, this country will be better informed about the particular crisis that confronts the millions of children of working parents.

Mr. Chairman, I would like to file my complete statement in the record. I know that you have come here to give the citizens of Massachusetts an opportunity to make their presentations, so I will be brief.

First of all, I welcome the opportunity to be a co-sponsor, along with a number of my colleagues, on this legislation. This legislation responds to one of the very important phenomena that has taken place in this country; that is, the necessity for millions of American women with small children of entering the workforce in order to provide a decent standard of living for their families.

We know that half of the women who are working have children one year of age at home. We know that there are 24 million children whose parents are working. This legislation responds in a very responsible, thoughtful, well-reasoned way to that particular phenomenon.

This legislation does not require paid leave. But, what it does do is respond to the particular needs of children who, at a very critical time in their own development, need the care and attention and love which a working parent can and should be allowed to provide.

I think the testimony that you have collected, Mr. Chairman, points out very well that the statements which have been made that this is going to be enormously burdensome to the business community are inaccurate. I expect that your case will be even stronger when the new GAO report is released.

We are basically talking about creating a more satisfied, more productive work force. We are talking about a higher degree of morale. We are talking about parents who will feel more at ease knowing that their children will be taken care of when the need arises. We are talking about parents who will not face the kinds of anxiety which so many workers confront when they are denied this particular opportunity.

This legislation recognizes the new demography in the workplace and the very special needs of children in our society. So I welcome the chance to be a co-sponsor of this legislation. I welcome your leadership.

We are looking forward to the consideration of this legislation in our Human Resource Committee in the near future. We are very hopeful that the Senate of the United States will address this issue very soon thereafter.

There is a very compelling need for this bill, as you stated very well, not just for the parents, but most especially for the children. This legislation is necessary; it is timely; and I look forward to working with you, Mr. Chairman, to make sure the Senate gives it the full attention it deserves.

Senator **Dodd**. Well, I thank you very much for those comments; your support, is extremely helpful. We will report back to you as to how things progress over the next several months.

In our future hearings, presumably, we will get suggestions on how we might improve the bill. We will keep you posted on how things are progressing.

We thank you for coming here this morning.

Senator **Kennedy**. Thank you very much.

Senator **Dodd**. Senator Kerry, of course, as I mentioned earlier, was a member of the Committee and has been deeply involved and interested in these issues as well.

John, I cannot thank you enough for being here this morning in your home State. I am grateful to you for welcoming us and being so helpful. Your staff has been helpful, as well, in seeing that we are well secured and established here in this auditorium.

STATEMENT OF HON. JOHN F. KERRY, A U. S. SENATOR FROM THE STATE OF MASSACHUSETTS

Senator **Kerry**. You are secure here, Senator Dodd.

I am delighted to be here with you. I am thankful to you, Mr. Chairman for your long interest.

I think you and I first met when you were gracious enough to let me testify to the Children's Caucus when I was serving as Lieutenant Governor of this State. And your interest for a long time on these issues is really very, very well known. I think your leadership on this particular effort is very important.

I also want to thank my former Chairman and colleague, Senator Kennedy, for his efforts because, obviously, his support of this is really critical.

I am not going to say very much because we are really here to listen to a long list of witnesses, and their testimony is very important. But I would just like to say that it seems to me that it should be a given, a simple given in this process, that the choice should not be a choice for a woman or family, parents, to have to say "My job or my family."

You know, we have been talking in this country, and there has been an awful lot of rhetoric from this Administration about the importance of family values. There just is not anything more fundamental than permitting people a stress-free, open choice of having children, and of knowing that in making that choice they have the ability in an initial period of a few weeks—and we are not talking about even a year; we are talking about 18 weeks to 26 weeks of medical leave—to be able to know they can give undivided attention to themselves, to the family, and to the bonding effort that is part of that.

If we are going to be serious, and we had better be serious, about creating a work force in this country and the opportunity to compete, I think that is a critical ingredient of that, a simple, given critical ingredient.

Now, I have heard a lot of complaints—I serve on the Small Business Committee—from people who say, "Well, it is going to cost"; "it is going to be difficult for small businesses," et cetera. I know, Senator Dodd, your votes and your record is one of caring deeply about the ability of business to thrive and survive. I think all of us are open to thoughts and suggestions and to compromise where necessary in this process as to how it is that we build a bill that is not insensitive to some of those demands and needs.

But the fundamental principle must be what other countries have recognized, and incidentally, other industrial nations who are our principal competitors. Whether it is Japan or Germany or Belgium or France, they are doing these things, and they are still beating us in some of the other areas. So obviously, this is not the ingredient where we are going to lose a competitive edge.

But what we might lose is a family cohesion, sensitivity, understanding, a process that somehow hurts the Nation a lot more if we do not move in this direction.

So, Mr. Chairman, I think that what you are doing and what others have done—and I congratulate Governor Dukakis and the Commission here in the State that are moving in this direction; Mary Jane Gibson, who has been a leader in that area; so many others in the State who have even gone further than we have proposed at the Federal level; and we are going to be interested to hear how they think they can go farther and make that work.

But I think the steps that your bill proposes, which I am pleased to be a co-sponsor of, are the de minimis steps that this country ought to take in order to create a child care, parental, family policy, if you will.

We have been too long on rhetoric and too short on reality in creating that kind of policy. And I think this is a very important beginning in doing so, particularly when you look at the fact that there are 50 million women working outside of the home, and that by 1995, in this country, 88 percent of all women between the ages of 25 and 44 will be in the workplace.

So it is clear that if we are going to continue to have our eye on the notion of family and family values, we have to begin to create a workplace in which people can do both, and do both well, and not do it at risk of losing jobs or at minimizing their ability to do one or the other.

So this is important, and I am looking forward to the testimony this morning, Mr. Chairman.

Senator Dodd. Well, I thank you very much for those statements. You are correct in pointing out that others at the State level or local level have already done a lot in this area, and we will be hearing from many of them this morning: Lt. Governor Licht from Rhode Island; Mary Jane Gibson from the State House here; Steven Spellman, who is a State Senator from Connecticut, as well as others, John Quinlan and Kathleen Hennessey, all will be talking about what is going on at the various levels of government in this State and elsewhere. So it is important to recognize that.

I just want to make a couple of announcements, if I can.

One. We have 24 witnesses today. As someone who has chaired hearings in the past, I can tell you that if we do not try to keep these statements relatively brief, we will be here until the end of this week.

So I am going to ask everyone at the outset, so I do not appear to be discriminating against anyone, to limit their prepared statements to about three to four minutes. And if you have statements that are longer than that, obviously, the entire text of the statement will be accepted—I will announce that ahead of time—and made a part of the record.

And so I would strongly urge you to paraphrase or to highlight the important points so we can get to the questions, which are sometimes far more beneficial in terms of getting an overall feel for what you have to say.

I am not going to have time today to take questions from the audience, as sometimes we do, given the number of witnesses we have.

But if there are those of you in the audience here today who would like to have your statements be considered by the Committee, certainly you can submit those to us, either today before we leave, or send them to me in Washington. I will see that they are made a part of the record as well.

So I am going to ask everyone to keep their remarks brief if we can.

Our very first panel of witnesses will include parents of newborn and seriously ill children, as well as two of the most well-recognized professionals and advocates working with them.

First is Dr. Berry Brazelton, Harvard University, Children's Hospital, from Boston, Massachusetts. He will be accompanied by parents: Candice Gortley, Rebecca Lantry, Rupert Seals and Karen Scott, Wands Alves, and Richard Last.

Dr. Brazelton, if you would approach the witness table; and as I understand it, Dr. Brazelton has a statement for us, and then we will be hearing from the parents.

Doctor, we thank you for coming in today to be with us once again.

Senator **Kerry**. This is the closest I have been to my pediatrician in a few years.

STATEMENT OF T. BERRY BRAZELTON, M.D., HARVARD UNIVERSITY, CHILDREN'S HOSPITAL, BOSTON, MA; ACCOMPANIED BY PARENTS CANDICE GORTLEY, REBECCA LANTRY, R.N., RUPERT SEALS, KAREN SCOTT, WANDA ALVES, AND RICHARD LAST

Dr. **Brazelton**. I have a special interest in this hearing with John's children. I know him very well through his children.

Thank you, Senator Dodd.

Well, really, as an advocate for children, I must point out what everybody else is saying: the fact that the American family is in deep trouble, with 50 percent of families breaking up. Either we must start looking for a substitute for the family—and as an advocate pediatrician, it is hard for me to visualize anything as a substitute.

I think it is time for our Government to step in and do something to relieve the pressures on people, because what I see in my own practice is that both—working families working outside the home, and families who are at home—are feeling isolated, vulnerable, and they are not passing on a good self-image to their children as a result.

It seems to me that what we ought to be looking for is how we back people up to feel confident and feel good about themselves, so in turn they will pass that on to their children. If I had one thing I would like to give to every child in this country, it would be a sense of self-competence.

I think what we are doing right now in backing families up is it comes from a negative pathological model. We are perpetuating the welfare state by making families identify themselves as failures or as incompetent before they can get any help.

We have a chance with this kind of bill and with, I hope, a subsequent bill for day care to back families up for strength. For families who are working and who are trying to make it on their own without welfare, it seems to me, ought to be backed up.

This is only a first step I would hope, but it does offer a chance at a very critical time in a family's development to back up their strength.

For instance, we have four stages of development that we can identify between mothers and infants and fathers and infants which take place in the first four months. Those first four stages not only give the baby a future, a sense of himself, but I think give parents a sense of themselves. So I am as worried about the development of young adults in this country as I am about their children.

This is an opportunity, I think, to back up not only women who are struggling to keep their families together and who are facing the prospect of having to raise them as single parents—50 percent of them will have to—but also for men to feel, "Oh, they are backing me up for a change." We have seen a real surge in men getting involved, like John, with their families, which is a very critical surge for men's development as well as for women.

So this is a time when we have a chance as a Nation to step in and say, "You are really important. You are important to your children, you are important to yourselves, and you are important to each other."

I think giving a time when there are no pressures on one parent at least would do that sort of thing. I think this is a chance to nurture families, to nurture individuals, and to nurture the future of our children. Without it, I think we may be facing some very serious things.

When I got a chance to testify in Congress, they said, "Well, suppose we do not do these things for the future of our children?" I said, "Well, terrorism." And everybody in Congress was—this is a big word in Washington.

So I think it is time for us to think, What are we doing if we do not do this? Then, the minimal cost that we can come to is nothing compared to the future of what we might be doing otherwise.

I think there are at least four ways, four levels of paying for this that will not hurt anybody: national state, individual business and individual person. If we amortize these in a way with the last two, or maybe the last three paid for by insurance, it would be a minimal bite for anybody. I think we could do it in a way that would make the first step towards really backing people up with a positive sense.

I would like to finish with an anecdote. I was making a film for national television with a mother and her two-day-old baby. As I was wheeling her down the aisle at the Beth Israel Hospital, I said to her, "You know, I am going to film your baby and you, and as I make this baby perform things, I want you to tell me what they mean, because someday every mother in this country will watch me, and they will watch you, and if you say, 'Yeah, that is what it means,' why, they will say, 'Yeah, that is what it means to me, too.' "

So this mother was nodding, and I had never met her before, but she said, "You know, I think my baby sees already." And I said, "Yes, I think two-day-old babies see, too."

Well, then we got in front of television, and I got this baby following my red ball back and forth, and then my face. And as he watched my face, he got more and more excited. And she said, "My God, he sees already." And I said, "Yes, but you told me you knew he saw." And she said, "Yes, but I mean important things." And I said, "Like what?" And she blushed and pointed to her own face.

Then I got the baby with its head here and its bottom here and began to talk to it. And any newborn, if you talk to it right, will turn to your voice and look for your face; and when he finds it, he will brighten, like "There you are."

Then I put her over here, and I was over here, and so we both talked. At that point, any newborn will turn to the female voice. So he turned to her voice, looked her in the face, and she grabbed him and said, "You know me already."

Then I got him to do something that I had never done before, but I have done a lot since. I got this baby alert, and its eyes and its mouth came open, and I went (demonstrating, sticking his tongue out); and he went (demonstrating, sticking his tongue out). And I said, "Oh, I do not even believe this." So I shook him up, got him alert again, and this time I went (demonstrating, sticking his tongue out)—the 2 day old baby imitated me.

Senator **Dodd**. The record will show the Doctor is sticking his tongue out.

Dr. **Brazelton**. Well, I thought you needed something to cheer you up this morning.

So I did it twice, and then he went (demonstrating, sticking his tongue out). And she said, "My God, he knows more than I do already." And I said, "Yes, what is that going to mean to you?" And she said, "It means I have got to treat him like a 'him' instead of an 'it.' "

And I think that is where the action is for all of us. Thank you.

Senator **Dodd**. Thank you very much, Doctor, for that. It was very helpful.

I should point out—it is somewhat ridiculous to do it in this city and State, but for others who are looking at this testimony, Dr. Brazelton is considered one of the handful of world-recognized specialists in the area of early childhood development.

John, you are fortunate to have as a pediatrician someone who has that kind of reputation. So we are truly honored that you are here this morning.

You have with you on the panel, five parents, and I am going to ask them to share their thoughts with us in the following order: Rupert Seals and Karen Scott will be number one; then Candice Gortley; three will be Wanda Alves; and then Richard Last; and lastly, Rebecca Lantry will share her thoughts with us.

So, Rupert Seals and Karen Scott, we are honored that you would be here with us this morning to talk about your experiences as parents with newborn or seriously ill children.

Mr. SEALS. We are the parents of a three-year-old son, perfectly well, though. I have to say at this point that I am Rupert Seals, and Karen will start off with an introduction.

Senator DODD. Why do you not bring that microphone very close to you if you could, Karen. We need to have you speak right up so we can hear you.

Ms. SCOTT. Thank you.

My name is Karen Scott. I am an engineer. I work in Cambridge, Massachusetts, for a non-profit corporation as an aeronautical engineer.

As Rupert said, we have a three-year-old son. When Daniel was born three years ago—it being our first son—we were trying to read the crystal ball. Our minimum requirements were that we share parenting, one; and that we have at least three months where the child's primary caretakers were either my husband or myself; and that we be able to continue our jobs and work an arrangement of equitable leave.

Senator DODD. We are going to hold on for one second, Karen. We are not getting any sound over here.

[Pause.]

Ms. SCOTT. Is that better?

Senator DODD. That is a lot better.

Ms. SCOTT. Do you want me to start over?

Senator DODD. Why do you not start over, yes.

Ms. SCOTT. My name is Karen Scott. I am an aeronautical engineer; I work in Cambridge, Massachusetts, for a non-profit corporation.

My husband and I have a three-year-old son. When Daniel was first born three years ago, we had some minimal requirements in terms of our family and job requirements, one being that we wanted Daniel to have as primary caretaker either my husband or myself and share an equitable arrangement for at least three months; and that we be able to work out our jobs so that it was not exceedingly disruptive.

My being home full-time for three months was not what we considered to be an ideal situation for either our family life or our home life. On top of a disability leave because of problems, complications of pregnancy that I had before my son was born, I would have had to take at least four months off from my job as being completely absent. In addition, it was contrary to our basic needs in terms of shared parenting in our home and our idea of how we wanted our son to grow up.

Living in the State of Massachusetts, there were some protections for myself as a woman that my employer was required to give me at least eight weeks of leave; that is, I would know that my job would be there at the end of eight weeks. My husband had no such protection.

I had three options in terms of leave myself, options that Rupert did not have. One was I could take disability leave, which I did take because I had a caesarean birth and complications surrounding that. That was paid disability leave. Two, I could opt to arrange with my employer to use voluntary vacation leave, which I did use some of my vacation time for time home to spend with my son after I was able to work. Three, I was able to arrange an unpaid maternity leave.

We were hoping that we could work out an arrangement that would make Daniel's coming home as easy as possible. I used all three kinds of leave. We had the intention to coordinate the same kind of arrangement with Rupert, and it was that juggling that we ran into some problems.

Rupert will tell his story about his leave, and we will talk a little about how things are going now.

Mr. **Seals**. I requested, approximately six months in advance, prior to Daniel even being born, a leave of 30 days, and that was all the company had to offer in terms of leave.

I wanted longer; I would have liked to take something that matched what she had at work. But I took what they could give me.

Then about a month before I took the leave, my supervisor requested that I work on weekends, which was sort of backing off what the original agreement was between us six months prior.

It was difficult to really refuse the request, so I went ahead and said that was fine. But that created a stressful time. During the time I was taking leave, Karen was back at work full-time. While I am going out the door going to work, she is coming in, and we are still just taking care of him as one on one. And between us, it is—as you know, anybody who has had a child, it is very nice if both of you are home helping in the caretaking.

Ms. **Scott**. I would like to say one thing. We both do work for different companies, but we both work for non-profit organizations in Massachusetts whose primary customer is the U.S. Government. We were not asking for an inordinate amount of leave, but for some equity with respect to our leave.

It was not a matter of taking money out of someone's pocket and into someone else's. The bottom line is the same person is paying us both, the U.S. Government.

We are engineers; we are professional people. We have some flexibility in our job, and we appreciate that we are very fortunate to be able to have arranged what we have.

We have seen people around us who do not have the kind of flexibility, who do not have a technical job, who just have not even been able to do what we did. And it took a great deal of work. It took a great deal of juggling.

The fact that Rupert had no protection under any law meant that his boss did have the right to be able to renege on what was put in writing for just a basic 30-day leave.

Senator DODD. Thank you very, very much.

Candice Gortley.

Ms. GORTLEY. Good morning.

Senator DODD. Candice, welcome.

Ms. GORTLEY. Thank you.

I am the mother of a four-and-a-half-month-old daughter, and at this point and this morning I come here with about five hours' sleep, which is what I have been averaging for the past, let us say, 3 weeks. It was not always like that. Up until about 3½ months, I have been getting three, three-and-a-half hours' sleep.

She is very alert and very active, which is great, and everyone tells me that; and I think I am going to believe that at some point. But it is kind of hard right now.

I work for Korean Airlines full-time. As you know, the Olympics are being held in Korea next year. There are three people in my office, so let me tell you, if that is not an Olympic feat in itself to come into that office on a daily basis with five hours' sleep and listen to the insanity that goes on. I feel like, as my manager put it, we should be selling pork bellies on the stock market instead of airline tickets because it is absolute madness from nine until five-thirty when I walk out.

My husband is a subcontractor; he works for himself. Many times, as was the case in January when Amelia was born, he was out of work due to the inclement weather, and he just was not able to work.

So that made two of us home, which was great for me because I was spastic in the morning after a whole night with her, and he took over. But that really affected our income tremendously. Things were pretty meager for about two months. I had to go back to work; otherwise, we would not have been able to pull through.

I have, at this point, several friends who also have had children one or two months after Amelia was born, and the mothers are all at home right now, not planning to go back to work. They are almost at poverty level, which is tough. I try to share old clothes and help out as best I can because I know how tough it can be.

The reason they do that—Dr. Brazelton will probably understand this—is that every single medical book I have read in terms of child care, and I read them religiously—what month am I in now and am I doing the right thing and what is my child supposed to be doing—they give maybe three-quarters of a page to the working mother and absolutely, positively it is not even recognized that you should leave the home before six months. And nothing is mentioned about leaving a child for less than six months.

I, to this day, have this sneaking feeling—and I know it is perhaps unrealistic—that my child is going to be a potential ax-murderer because I am not home to take care of her. And I know it sounds ridiculous, but I just wonder what the long-term effect of me leaving her at two months is.

I think that is what is hard. We are caught in the middle. The Government says 8 weeks is sufficient, and the medical profession says 6 months is barely enough.

So at this point, I am a basket case because I feel like: A, I am not a good mother; and 2, what is my child, you know, going to turn out to be like because I have not been able to be home to take care of her.

I think probably what makes me feel the worst is, in my office, I love my job, it is just that it is hard to communicate because there is not one single woman in a managerial position in Korean Airlines in the entire world.

When I had to request leave, they had no previous experience on what to do for a pregnant woman. I was quite extraordinary. So the way I felt that it was treated was this was more of a cold or a flu that would, well, temporarily inconvenience the office; and then once the baby was born, we would be back to business as usual. Unfortunately, it is not form, and I do not think it will ever be "business as usual."

Senator DODD. Thank you very much, Candice, for being with us. I am just going to have some questions for you in a few minutes.

Wanda Alves. Wanda, why do you not grab one of those working microphones. Is that one working?

Ms. ALVES. Yes.

Senator DODD. Okay.

Ms. ALVES. I am expecting my third child next month. I am an employee of the Brockton Public School Department and a member of Service Employees International Union Local 925. I am guaranteed maternity leave when I go out under my union contract.

Raising a family is very important to me. I work to supplement my husband's income and to provide medical benefits. He is in the construction business; he does not work during inclement weather, and he has no medical coverage whatsoever.

My first experience with maternity leave was in 1981 when I had my second child. I was allowed eight weeks under disability, two weeks before I delivered and six weeks after. I was still able to return to my job.

They offered a three-month child care leave of absence after that, which only guaranteed medical benefits for the three months. They were able to fill my job during that three months, should I take the leave. Needless to say, I could not. I had to return for financial reasons. At that time I was sad to return. My son was only two months old. I had to leave him in the hands of somebody else. I did not feel I had gotten through the critical stage, but I had to do what I had to do.

I had an older daughter who was eight at the time, and I did at least take that eight weeks' time to help her to adjust to a new baby.

There were no problems at all with my job. I had three other girls in the office with me, and four of us shared the work. When I left, three of them covered, and when I returned, everything had run smoothly.

Thanks to my union contract, I will be able to spend a little more time with this baby. I am allowed up to one year's leave of absence, and I will not be taking the whole thing. I will only be taking six months. Four months I will be removed from my job; two months IL will already have been out anyway for the summer.

It is very comforting to know that I do not have to worry about returning to my job or not having a job to return to, because I do not think a new parent and a child need any added anxiety.

Medical benefits and financial reasons necessitate my returning to work in January. They have already posted my job position for temporaries, and no problems are anticipated by my supervisor by my leaving. I know that I am very fortunate to have these benefits as I have friends who have had to lose their jobs and could not afford to be without an income.

I have seen it create welfare families, unfortunately. I have seen women quit while they were pregnant to take full advantage of the welfare system, rather than have to go through the aggravation of not having a job to return to.

I think job security for any parent is a necessity, and it is not a luxury. We are creating a work force here in which people are coming and going, and I think that time to do both should be provided for all who choose it without any penalty at all.

Senator DODD. Thank you very much, Wanda, for your comments this morning.

Richard Last, we welcome you here this morning. Thank you for being with us.

Mr. LAST. Thank you.

My name is Richard Last. I am a first-grade English as a Second Language teacher in the Holyoke Public Schools in Holyoke, Massachusetts, and an active member of the National Education Association and its state affiliate, the Massachusetts Teachers Association.

I am here today to urge passage of the Senate Bill 249. If such a bill were law, my story would not have to be told.

Two months before my wife was due to give birth to our second child, I requested eight unpaid and two personal days off to be with and help care for my son Noah upon his birth. It was also to be a time for helping our older son adjust to his new brother.

Shortly before Noah was born, the School Committee denied me the time off on the grounds that it would disrupt the educational process and set a precedent for paternity leave they could not live with.

With the help of my union, the Holyoke Teachers' Association, and the Massachusetts Teachers Association, I filed a discrimination charge with the Massachusetts Commission Against Discrimination.

Our maternity leave provision is typical of many across the state. In my opinion, this provision in our contract, which allows women up to one year off, clearly has two components. One gives women State-mandated, pay-eligible, disability time off related to childbirth, and the other provides for unpaid time off for child-rearing.

It is the latter which I feel is discriminatory. There is no reason why this provision should be differentiated on the basis of sex. Not only does this rob the baby of a father's nurturing influence, but it is oppressive to women in that it perpetuates the stereotype that it is the mother's sole responsibility to raise the child.

The father's involvement with this early stage helps set the conditions with the family to be a close-knit unit in this time of the "endangered family." And let us not forget that aside from these "nurturing" issues, it may simply make more economic sense for the father to take unpaid time off than the mother.

As a teacher, I want parents to be as fully involved with their children's lives that they possibly can be. You can concretely see the benefits of this parental involvement in the classroom. Yet our School Committee seems to be saying that this involvement should only begin when the child reaches school age. It is ironic that the same School Committee that would applaud me for teaching about equality between men and women would deny me the leave to participate fully in the family life.

Parental involvement needs to extend to all phases of the child's life, from infancy on. What more basic right could there be than to allow a parent to be with their child?

On May 8th of this year, 16 months after my initial request, the Massachusetts Commission Against Discrimination issued a probable cause finding in my case. It fully supports my position. In what they call a "first of its kind decision," the Commission wishes to "finally settle the issue of whether the Massachusetts discrimination laws imply equal rights for male and female for child care purposes."

If the Holyoke School Committee refuses to remedy the situation by recognizing the issue as a case of discrimination, the case will proceed through MCAD hearings and could eventually end up in the courts.

The baby has two parents, yet present interpretation of the law does not recognize that both parents have rights. As the MCAD Commissioner Frederick Hurst stated in regard to his probable cause finding, ". . . the issue is child care. If they (women) get maternity leave for child care, then they (men) should get paternity leave for child care . . ."

It is a matter of simple equity.

Thank you.

Senator DODD. Thank you very much.

And lastly, Rebecca. Pull that microphone right up close to you and tilt it up so we can pick up your voice.

Ms. LANTRY. My name is Rebecca Lantry, and I am a nurse at Brigham and Women's Hospital, and I am also the Co-Chairperson of the Massachusetts Nursing Association collective bargaining unit at the hospital.

I am pleased to have this opportunity to speak to you about the importance of parenting leave on the basis of my own experience.

I am currently on maternity leave, and I will return to my work on a part-time basis in July. I went on a medical leave, around December the 12th, which was about four weeks before my baby was born. Prior to that, I was working eleven to seven; that is, 11:00 p.m. to 7:00 a.m., 40 hours a week.

Our union contract provides for eight weeks of leave after the birth of the baby with a guarantee of return to one's exact position in the hospital. A longer leave, up to six months, can be taken with the guarantee of a position, although not necessarily the same position.

Several aspects of our contractual leave policy are of particular importance. The first is job protection during one's leave. One might think that job protection would not be a major concern due to the current shortage of hospital nurses; however, our contractual job protection means more than a guaranteed job. It preserves our seniority in wages and benefits.

As a five-year employee at the Brigham, I am near the top of the pay scale. If I had to quit my job and return as a new employee, I would take an 18 percent loss in pay, something that a new parent can ill afford. This provision also protects my seniority in the rate of sick time and vacation time I accrue.

In addition, our contractual leave allows us to use any accrued sick time, vacation time and holiday time to make as much of our first eight weeks of leave as possible a paid leave. I had all of the first eight weeks as paid leave.

Finally, my medical insurance is paid for 90 days of leave, and I can continue with it as much as 180 days. So I am fully covered with medical insurance until I return in July.

One question many people ask is: How much parenting leave is enough? I spent four exhausting days in labor and then began to nurse my newborn. It generally takes six weeks to get breast milk on a regular schedule, and many authorities recommend no substitution for at least three weeks.

Beyond that, the early months of a child's life means many sleep-interrupted nights for parents, especially for nursing mothers.

Several of my colleagues who have given birth recently intended to return to work after an eight-week period. One who did said that the eight weeks was awful short. Another who planned to found that she could not, while still another woman of my acquaintance who had to return to work after six weeks to retain her job and her insurance placed her child in a child care setting that proved to be seriously deficient. A healthy baby was transformed into one with serious physical problems. The child ended up in a hospital for over three weeks, suffering from pneumonia and failure to thrive.

I plan to return to work in July beginning at a minimal level and increasing my hours as my child gets older. I hope that this bill will become law so that all parents will have the opportunity to begin their families under supportive conditions that protect the health and economic security of the child and its parents.

Senator DODD. Thank you very much, Rebecca, for that testimony. It is very, very helpful.

Let me just ask, if I can, a few questions and then turn the mike—I am sorry. Yes, Doctor?

Dr. BRAZELTON. I just want to point out that the testimony of these families are representative of an enormous number of families around the country. I will talk to 1,000 families tonight in Hyannis, as I do every week, and every one of them is hurting like these people. So you have got a constituency out there if you want it. But I think, also, when people in this country hurt the way I think young families are hurting right now, something has got to happen.

Senator DODD. Well, what you find out so often, and what bothers me a bit, is if you are a chief executive officer or upper level management people, there is no question but that people take the time. And they understand it.

It is when you get down to people who are employees, particularly in larger organizations, who find themselves without the benefit of being able to make those kinds of choices.

We are talking here about newborn children, and that is hard enough. When you start talking about sick children—we had testimony the other day from parents who had a child who had to go under anesthesia 140 times. And as that father said, "Where else was I going to be?" I cannot imagine anyone else not being there.

The difference is if you are an employee working some place, your ability to be there—and also to hold a job, which is absolutely crucial—is going to be dependent upon someone else making that decision. If you are in the upper income levels, or upper level managerial positions in most places, there is no question about a person getting off the time to do that. And what we are trying to do is establish some equity in all of this.

Just a couple of questions. Doctor, one of the difficulties I am having in convincing some of my colleagues about this issue is their failure to understand the distinction between child care and parental leave. I wonder if you might just take a minute or so and just paraphrase in your own words the fundamental difference we are talking about between child care legislation, or child care, and the issue of parental leave as we have described it here.

Dr. Brazelton. Well, I personally feel they ought to be part of the same package, but I realize that we do not work that way in this country. But I think they are both absolutely critical to the future of families and children.

Parental leave, to me, represents a real back-up for young parents today, saying, "You are important." And the fact that we are including fathers in it, I think, is a big, big step.

We are not unique. As John pointed out earlier, we are the last, except one, civilized country in the world, really, that has not faced this for families. South Africa still has not faced it either. But the rest of the world has done it.

I think parental leave is the very critical step to back up families and encourage their participation with their children in the first critical months and around a sick child.

Child care is something that ought to be uppermost in everybody's mind. Fifty percent of women in this country have to leave a child in a place they would not trust if they had a choice. And it is very scary.

You wonder what those kids are going to turn out to be, because we are separating people now—separating children—in two levels of society: those that have decent care, and those that do not.

Early child care, particularly, can make a significant imprint on that child's future development, as all of us know. So child care ought to be our next major step. But it is going to cost the country a great deal, and I think this is the reason we want to start this first.

Senator Dodd. Most child care facilities, as I understand it, will not accept an infant in the first few months for the obvious reasons. And so we are talking about a gap here, it seems to me, where parents can't get child care so they must stay at home. Then, there is the added complication of a new mother, assuming everything else is normal needing six to eight weeks to recover the delivery. We have a nurse here in Rebecca, and a doctor, as well so perhaps they can comment on the time needed to recuperate from childbirth. I am told that six to eight weeks, just for the mother's well-being, is what we are talking about for a period of recuperation.

And you have that added complication, plus the inability to find child care. This is not to mention a sick child; you are not going to put a sick child in a child care facility, I presume. So there are separate time frames we are talking about under a totally different sets of circumstances.

Would you disagree with that?

Dr. **Brazelton**. No, not at all. But I think if you say that the mother takes six to eight weeks to recover herself, how much of that energy does she have to look out at the child and see what the child needs.

One reason we are fighting for four months is that the first three months in almost any family is a nightmare—the child crying every single night with colic, and nobody gets any sleep. Until you get through three months and get that baby smiling at you, crooning at you, you really do not have a sense of yourself as a parent. So I think we need to back people up to get beyond that stress period and into a period of tranquility so they can feel good about themselves.

Senator **Dodd**. Thank you very much, Doctor.

Candice Gortley, what is the maternity leave policy with Korean Airlines? Do they have one now?

Ms. **Gortley**. There is none, no.

Senator **Dodd**. So how did you manage to get the time that you took?

Ms. **Gortley**. I called several organizations, and everyone was pretty helpful. I found out through the 9 to 5 Organization that there were, in fact, eight weeks.

And I, in essence, pretty much told them that that was the regulation, and they were more than willing to comply. But in terms of anything in the company, I was unable to find out any information.

I know in our New York headquarters there are three to four women who have children at home. And when I called them to ask, I was not given any answer. It was pretty much very evasive. I do not know what they did. But I just pretty much said, "This is what I am allowed." I just wonder if I had said I was allowed 12 weeks if they would have said, "Oh, okay."

To my knowledge, there is nothing in their employee manual. I do not even know if there is an employee manual.

Senator **Dodd**. You are in the work force out of economic necessity.

Ms. **Gortley**. Yes. My husband, since he works for himself, is not insured, so our medical benefits come through Korean Air. And just financially, you know, I supplement.

Senator **Dodd**. Do any of you consider yourselves to be "yuppies"?

I always ask that. I am always curious and I have not found one yet. I am just looking, because opponents have described my bill as a "yuppie" piece of legislation.

Karen and Rupert, because of the flexibility of your schedules, you were able to both find the time to take off, even though it was a little bit short of what you thought it would be. Nonetheless, because of working for the Federal Government and because of the flexibility there, you were able to actually accommodate the time.

Am I correct? That is what I heard you say.

Ms. SCOTT. Mainly because of the level of responsibility that we have at our jobs and our relationships with our direct supervisors, we were able to get an informal arrangement whereby we worked a 40-hour week.

Senator DODD. You are both engineers. Would someone who is not in as high a paid position or had the relationship with your supervisor been able to get the same time, in your opinion?

Ms. SCOTT. Absolutely not. My company's line in the personnel manual is: there is no such thing as "flex-time" at my company.

It might be worth mentioning—I mean, we are talking about the time that we took off—a lot of this time in adjusting, it was a gradual adjustment to coming back to work where we were working a 40-hour week; it was not an on/off situation.

I nursed my baby without formula until he was eight months old. That first three months was extremely important for Rupert and I to work together so that we could work out that schedule. It means sometimes saying, "Hey, I am too tired. I cannot go in today. I am going to be in on Saturday," which is outside normal working hours. Just as long as I met my job commitment.

It was not quite as easy as saying, "I have taken a leave and I am back." There were times when I was in work when I was not officially in work when I was on maternity leave. There were unique job requirements, and there were times when I was not there during the normal work day where I was making it up on an informal basis. But that is not an option that most of the people where I work have.

Mr. SEALS. That is a function of the relationship we have with the supervisor. In the relationship I had, he did not understand completely that I wanted to take the time off to spend with Daniel and to take care of Daniel, be a parent to him. Because at the last minute, we had an agreement six months prior to when he was born that I was to take a leave off. He said okay, that was fine.

Right before I took the leave off, he backed off, basically, and said, "I want you to work just weekends; can you work something?" I said, "Yes, maybe a couple of days on the weekends." He said, "Okay, anything," as opposed to taking the full leave off that I wanted.

Ms. SCOTT. That you put in writing.

Mr. SEALS. That is right. That is right. It was in writing.

Senator DODD. Let me turn to Senator Kerry here to see what other questions he may have, and then I'll have one or two more.

Senator KERRY. I will just be very quick because I know we have to move on.

Dr. Brazelton, I know you drove some distance today and gave up some writing time with co-authors, so we are particularly appreciative of your taking the time to come out here.

I wonder if you would comment, perhaps, on two things, and I suspect what you would say. But I would like, particularly for the record, to hear it. As you hear the concerns of business expressed, particularly the expression about potential cost to business, what is your response to those concerns?

Dr. **Brazelton**. Well, I expect that the big businesses always think of the dollar first, but there are other businesses that have already addressed this and have been facing it for several years now.

And Arnold Hyatt from Stride-Rite told me the other day that he now has 40 percent of his work force are women. Because he has been paying attention to day care and to parental leave, and he has increased the number of women working according to him; but he said the most wonderful thing is the allegiance that he has gotten from the programs. The whole work force has changed in its attitude toward each other, toward the business. And he feels that it is the most important thing they have done.

So I think he represents a whole new wave of businesses that are springing up around the country who are trying these things out and who are finding it successful.

Senator **Kerry**. Also, from a professional perspective, Chris asked you a little bit about the child care issue, and obviously, while there is also confusion about it, some people even unconfused try to offer child care as a legitimate alternative.

I wonder if you would comment on the distinction between the adequacy of even good child care and what it means in terms of the parental presence at that stage from your professional perspective. What is the distinction? Can child care, in fact, supplant parenting in any ways that are positively accepted?

Dr. **Brazelton**. I do not see it as a supplant at all. I see it as an opportunity to back up young stressed families.

Decent child care should include nurturing the families and would provide them with an opportunity for lateralizing their relationships for learning from other parents, what they are going through and sharing the stress with other people under the cover of a decent child care center.

So there is a basic thing that makes child care and parents seem in competition. Everybody who cares about small children is in competition for that child. So no wonder schools and parents get in competition with each other; no wonder nurses at the hospital get in competition with parents; no wonder child care operators and parents get in competition. This is a basic fact.

But once it is established as a well-endowed—once we start paying people enough for child care and get them educated, I think the education will include how you nurture parents as well as the child. Then I do not see it as in any competitively, but I see it as supplementary.

The kind of care that we have in decent child care centers makes parents feel less guilty about having to leave their kids all day long. It gives them a chance to cement the end of the day. And I see just the opposite going on; that in decent child care, parents feel good, which is very different from how they feel otherwise.

I have one other things. You mentioned "yuppies." I think "yuppies" are under a lot of stress, too. And one of the stresses these days that make women go back to work from the "yuppie" society is not just to get another Mercedes. It is that they wonder "Am I going to be part of that 50 percent who has to take care of my children? And if I leave and give up my career, how am I going to take care of these kids?"

So I think there is some very subtle reasons why women, even from the "yuppie" group, are fighting for this kind of bill. I do not think that ought to be ignored in the effort to say we are helping out young women lawyers or anything like that.

Senator KERRY. A final question, maybe a harder one to answer, but why do you think we are having such a difficult—why are we so far behind on this?

Dr. BRAZELTON. I do not think we are—I think there are many reasons. We profess to be a family- and child-oriented society. We are not. This country is so unsympathetic toward families and children that I can hardly believe it.

I think that the reason we are so far behind is that we have two basic ethics that we all still believe in; every one of us in this room really believes in these ethics.

One is that the family ought to be self-sufficient; if not, they ought to be punished for it. So we set up welfare, we set up Aid to Dependent Children, things like that, which really make somebody grovel before they get any help. It is a negative model.

The second belief system is that basically children ought to be home with their mothers, and their mothers ought to be home with them. And if they are not, then they ought to feel guilty, they ought to pay for it.

I think these are two ethical belief systems that we have got to give up if we are going to go on and back up people who are too stressed to believe in those two things anymore.

Senator KERRY. Well, I really want to thank you for your leadership and contributions on these issues. And all of you, I thank you for important testimony today; and obviously, I also thank you on a personal level. Thank you.

Senator DODD. Thank you, Doctor, again for being here; and all of you, the parents and so forth, your testimony has been very helpful this morning.

There will be others we have in the next panel, and then we will get to our governmental witnesses. But we are deeply grateful to you for coming here this morning to be with us. Particularly, Doctor, we thank you for coming.

Thank you very, very much.

Our next panel will be with Teddy Kennedy, Jr., who is the Executive Director of Facing the Challenge here in Boston. He is accompanied by parents, Walter Hames from Somerville, Massachusetts; and Tom Riley, who is from Johnston, Rhode Island.

Ted Kennedy has been active, of course, in demonstrating to many around the country that "disabled" does not mean "unable." He has established a foundation to help others face the challenge.

I understand what we are going to do with this is have the parents testify first, and then, Teddy, you will testify last. We are grateful to you for being here.

Did I pronounce that name correctly, "Hames"?

Mr. HAMES. Yes, sir. There is a typo. My name is Walter; no "H." You have also brought a piece of—both of you have here—they are represented here this morning by photographs, which is nice.

Senator DODD. Walter, we will hear from you first, and then you, Tom. Then we will come back to Teddy.

STATEMENTS OF PARENTS WALTER HAMES, SOMERVILLE, MA, AND TOM RILEY, JOHNSTON, RI; AND TEDDY KENNEDY, JR., EXECUTIVE DIRECTOR, FACING THE CHALLENGE, BOSTON, MA

Mr. **Hames**. Mr. Chairman, distinguished guests, my name is Walter Hames. I am a bank teller at Cambridge Trust Company. My wife Jan is a supervisor of a technical support group at a computer firm, also in Cambridge.

We live in Somerville, Massachusetts, with our two sons, Charlie, who is nine months, and Walt, who is five-and-a-half.

Walt has Hurler's Syndrome, a one-in-a-million terminal, genetic, degenerative disorder. Walt grew and developed almost normally until about 18 months of age. At that time he slowly stopped growing and gradually began to lose most of his accomplishments.

As you can see, the disease has affected Walt personally, physically, with an enlarged head, curvature of the spine, enlarged liver and spleen, and coarse, thick facial features. Walt has also experienced progressive mental degeneration and increasing problems with hearing, heart and lungs.

In short, there is no part of his body, no single living cell that is unaffected. At almost six years of life, Walt is old for a Hurler's child and will most likely die within two years.

When Walt was 10 months old, two months after his diagnosis, we began an enrichment program for him to "fill up his suitcase for the journey ahead," as one specialist put it. Our hope was to make Walt's life as rich as possible, for as long as possible. Walt is by nature a happy and engaging little boy, and he thrived. Many Hurler's children neither walk nor talk. Walt did both until the beginning of this year.

By the time he was three, we began to see the one single drawback to the enrichment program, and the special needs daycare that Walt was enrolled in. In the fall of 1984 it became increasingly obvious that he was not physically up to his schedule. We weren't sure what to do, and none of our options seemed very good. We couldn't afford to hire someone to care for him at home.

At first I thought I had to quit work, even if it meant losing our insurance coverage. We agonized over how to best meet Walt's needs and our commitments. Finally I approached the Personnel Director at the bank and asked if I could cut back on my hours. The Personnel Director and officers of the bank were sympathetic to our family dilemma.

In January of 1985 I began working 30 to 32 hours, spread over six days a week. This arrangement allows me to be with both our sons four afternoons each week, and helps Walt to conserve his energy for his half-day program. I can continue to make a valuable contribution to my bank, as I have for the past seven years.

Walt's deterioration is increasing. He was hospitalized for pneumonia twice last year. Fortunately, Children's Hospital in Boston is close by, so Jan and I are able to juggle work with being at the hospital for Walt.

Now I would like to speak briefly about my work arrangement, and the stress it causes.

First, I try very hard to minimize the effects of Walt's illness on my colleagues at the bank. If it is absolutely essential for me to miss work because of Walt, and I know in advance, I try to schedule one of my 10 vacation days to cover my absence. This usually means few days left for any time off not related to Walt's illness.

Second, there is no formal guarantee that I can continue to work a reduced schedule. Although the total reduction is only eight hours a week, and I do continue to do most all of the work I am assigned, the bank has no formal policy, other than for part time employees, that permits a shortened work week.

Should new officers decide that a shortened work day was not permissible, I would be forced to choose between a full time work schedule with insurance, a new job, or no job.

Third, although Walt's future is certain, my ability to be with him at his death is not. I know I will want and need to take a short full leave when his doctors tell us his death is near. Naturally, considering the past understanding of the bank's officers, I am hopeful that when Walt's life is over, I will have a full time job to return to. For me, and for thousands like me, though, there is no guarantee.

My story demonstrates how both employer and employee derive benefit from a sensible reduced leave plan. The bank's flexibility has allowed it to keep me as an experienced, valuable and loyal employee, and it has let me care for my son in the end stages of his life. In my case, common sense and compassion have worked to the benefit of both the bank and my family.

It is my hope that the Parental and Medical Leave Act of 1987 will systematically allow more people such opportunities to behave responsibly as employees, and lovingly as parents.

Thank you very much.

Senator DODD. Thank you, Walter. A very touching testimony. Thank you for being here this morning.

Tom Riley.

Mr. RILEY. I have got some pictures. Do you want the pictures?

Senator DODD. Absolutely, thank you, Tom, for bringing those.

Mr. RILEY. Senator Dodd, Senator Kerry, Mr. Chairman and members of the Subcommittee, I appreciate the opportunity that you have given me to testify.

My name is Thomas Riley, and I live in Johnston, Rhode Island, with my wife Mary and our two sons, Kevin, age nine, and John, who was seven months old this past week.

Our son, Christopher, was diagnosed with a soft tissue cancerous tumor in July of 1980, when he was four and a half years old. He had eight operations in three years, and extensive radiation and chemotherapy treatments at Rhode Island Hospital.

In July 1982 I started working in a men's jewelry department, supervising, at Colibri, in Rhode Island, a manufacturer of men's accessories in Cranston. When I applied for the job, I told the Vice President of the corporation that my son had cancer, and it was a week-to-week, life-to-life (sic) situation. He needed monthly check-ups and X-rays, and I needed to be with him during these visits, to confer with his doctors and nurses, as they determined the course of treatment.

The Vice President said, "No problem, Tom." I was to be paid by the hour—I want to stress "the hour," I punched a time clock. If I wasn't there, I didn't get paid. I needed to work at least 50 hours a week, to make ends meet.

In August Chris had another operation to implant radioactive seeds in his tumor. We were thrilled when September and October X-rays showed no signs of cancer. But by Thanksgiving of 1982, the cancer had returned. His body could not tolerate more radiation or chemotherapy.

Chris was in a lot of pain. He was down to one lung, and had many radioactive seeds in his body, he had progressively gotten worse. We were told that he probably wouldn't make it through December of 1982, through the holidays.

I told the Vice President of Colibri at that time that my son was dying, and we didn't know how much longer he had to live. I wanted to spend as much time as possible with Chris, but I was under incredible pressure at work, to produce. I worked Saturdays, and at home, until 10 to midnight, most of the time.

The stress I experienced during this time can't be described in words—as you can tell right now—it is tough talking. I was constantly running back and forth between work, the hospital and home. But I always gave 110 percent to my job.

I would work for two or three hours at a time, to take Chris to the hospital for blood tests and for X-rays, and to be with him as much as possible. And at the same time I had a two year old at home, besides.

All in all, I took five to six days total, over the course of six months, August of 1982 to January of 1983, I wanted to take more time, but if I did, I would be fired. I had to make up every minute, in one way or another.

Chris died on January 6th, 1983. He was seven and a half. Four weeks later I was fired. No reason. I was shocked. I had given the job everything I could, even when my son was dying.

Losing my son was devastating enough. Losing my job totally destroyed my self-image. I thought I was a complete failure as a husband, a father and a breadwinner. I went to see a psychologist for three months, to help me get through this, and sometimes I still don't. I was unemployed for five months.

I have always worked hard for a living, and taken pride in providing for my family. There are millions of American fathers like me. I don't want any, or expect any, special favors from anyone, from my employers or the Government. But I don't think that parents should be forced to choose between caring for their children or keeping their job. And back in 1982, God, I could have used it. I am here because I don't want any parent to go through the hell that I did.

Now, Mr. Chairman, Senators Dodd and Kerry, you have the opportunity, through passage of this bill, to ensure that other parents can possibly have an easier time.

Thank you for listening to my story.

Senator DODD. Thank you, Tom. It was not easy, I know, for you to be here this morning. And I want you to know that Senator Kerry and I really appreciate your coming up here.

It is not easy to talk about it, but yet, as you point out, there are thousands of other people who are in your situation, and Walter's situation. If you were not here, frankly, it is difficult—we can hire all the psychologist, and Dr. Brazelton is a wonderful individual, he would be the first one to agree with this; all the professionals in the world can never even approach reaching people, as your testimony and Walter's testimony does.

That, people understand. Statistics, they get lost. But unfortunately, you are not the rarity. If you were the exception, the total exception, it would be one thing. Unfortunately, your story is repeated far too often in this country.

Teddy, we are grateful to you for being here this morning, and obviously, not only the work you are doing, but your own full-life experience can shed some great light on this, and you are nice to be with us.

Mr. KENNEDY. Well, thank you very much, Senator Dodd and Senator Kerry. I really applaud your efforts for introducing this kind of legislation.

As you have heard here from the testimony, and testimonies line it all across this country, this Parental and Medical Leave Act, I believe, is a really important one.

And I come here today, not only as an advocate for millions of people with disabilities, millions of children with disabilities, but also as somebody who did experience a serious illness in my life; and an illness that, though treated today, affected me for over a two-year period. I have come here today to say how much my family meant to me during that time. I believe that my family was really an important and integral part of my whole rehabilitation process.

Through this legislation, you have recognized some demographic changes in our society. Families are no longer institutionalizing their children with disabilities, they are keeping them at home. And this overwhelming majority of families now constitutes a major, major shift away from institutionalization. A major reason for this shift is that study after study has proved the debilitating effects of institutionalization and its costliness.

In addition, individuals with disabilities who are allowed to remain in a family environment have a much greater likelihood of learning the skills necessary for independence and a fulfilling life in the community. And as you know, there's many, many kids out there who prefer to be at home. There are many parents who prefer to have their children at home.

And to the people who are testifying against this legislation, contending the enormous amount of costs that they are going to incur, I would just like them to consider the costs of institutionalizing somebody, and the dependency that that promotes.

People with disabilities want to become independent, and want to be productive. They don't want to be institutionalized. They want to be in the family, where they can get care from the people that know them, and love them the most.

The stories you have heard from these parents here today, and from other parents, really illustrate the need for this legislation. For many years, these families, and others like them, have been forced to bear unnecessary hardship because uniform, reasonable leave policies, which allow for leave vital to the care of a dependent son or daughter with a disability, do not exist for the vast majority of employees.

The organizations I am speaking for today believe that this situation is one of the many causes of the difficult economic and emotional problems faced by these families.

I contend here today, that it is not a condition of the body or mind that constitutes the greatest disability, and the greatest handicap, rather that it is outdated practices, outdated philosophies and policies which make our lives so limiting. I think passage of this bill would really reverse some of these policies and practices, and allow working parents some quality time with their children.

Disability, as you know, just doesn't affect the individual. It has a rippling effect on the entire family.

Having a child with a congenital or traumatic disability is often very stressful, for the child, the parents, and for other members of the family. The additional stress of not having job security can add economic catastrophe to a family already in a crisis.

And I would just like to say what so many people have stressed here today: that this is not a "yuppie" bill. As you can see from the testimony, people really do need that income.

A family with a member who is disabled is three times more likely to fall below the Federal poverty line. So this bill is especially important for parents with kids with disabilities, and for people with disabilities themselves.

I also went through a personal experience, and I can't tell you how important having both my father and mother there with we was an important part of my whole rehabilitation. There is no question about it.

I live here in Boston—which has one of the best medical complexes in the world. Families come here from all over the United States, and indeed, from all over the world. Those families that have to travel these long distances to get the best medical care for their kids, have to take time off.

I went through a chemotherapy regimen which required three days in the hospital every three weeks. And I was fortunate that I had a mother and father who were there—who were able to travel and be there with me. I personally can't stress enough the importance of this legislation.

There's a couple of other stories which have been told over on the House side: of Tina Hurst, a mother of a three year old son with epilepsy, who only missed six nights of factory work in seven months, and was given an ultimatum to either show up for work, or quit. At that time, her son was hospitalized, in serious condition.

And the story of David Wilt, the father of an infant with Down Syndrome, who was fired from his job as a baker for needing three days off while his child was being hospitalized for heart surgery. I am sure you will hear many stories like this in other parts of the country.

I have also heard many stories of individuals with disabilities who find it difficult to take time off from their job to handle medical needs related to their disabilities. This bill also addresses that issue, by providing reasonable leave, and guaranteeing job security to those individuals.

As these parents have eloquently shown, when your life has been touched by disability, the pressure put on parents and other family members is often staggering. I was lucky that I had parents who could be there for me.

Parents of children with disabilities, and individuals with disabilities already face many barriers in our society which are overwhelming. Parental and medical leave removes one of those barriers, the stress produced by lack of job security. This is one small step, but it will produce so much for those who really need it. Families with children who have disabilities are families, too. We cannot, as a Nation, simultaneously champion the values of families, yet turn our backs on them.

Thank you.

Senator Dodd. Teddy, thank you so much for that testimony. And we have heard others, as well. We could literally fill this room with people who could tell similar stories.

We had a witness from Connecticut a few weeks ago whose daughter had a part time job, and lost an arm in an industrial accident. Her father could get time to be with her during the operations, her mother could not.

And it was inspiring to hear that father talk about the relationship that he developed with his teenage daughter and how important it was to both of them. His daughter had to cope with not just the physical problems, but also with necessary emotional adjustments. To be able to have a father there that cared about her meant, according to psychologists, and others, a world of difference to that young girl.

I should point out, in the case of the Rileys, not only did you lose your job, and have the tragedy of the family, but you had to be on fuel assistance and food stamps immediately thereafter, didn't you? How long a period of time was it?

Mr. Riley. I was out five months.

Senator Dodd. Five months.

Teddy, a couple of quick questions.

Can you give us some indication of what your information is with regard to the economic situation of families? We hear of the Rileys being on fuel assistance and food stamps. You have mentioned this not being a "yuppie" bill, but what is your data?

Mr. Kennedy essentially, people with disabilities represent a minority in this country, and I think, really, should be regarded as such. And economically, they are the poorest minority.

And as I said, as I mentioned in the testimony, a family—when an individual in that family has a disability, it's three times more likely to fall below the Federal poverty level.

And I think—there are many, many economic barriers. There are many, many architectural and other barriers. And I think what this bill will really do is really eliminate what people have been talking about all day, is the stress of having to choose between caring for somebody that you love very much, and with the possibility of losing your job.

There are all kinds of statistics, and as you said, I think the stories here today, and others like them, really tell the stories. It is about people. And I think that this is a reasonable—people are not asking for a whole lot here. And I know you have been a leader in issues pertaining to families and to children, and you understand very well the need for this type of legislation.

Senator DODD. Let me add just one last point here. It seems to me you have two stories here. Aside from the obvious incredible conclusions. these are two different situations, in a sense.

In your case, Walter, you had an employer who appreciated and understood the situation you were in, and fellow employees who did, and so forth, and there was an effort to, at least, ease the burden.

Your case, Tom, was quite different. You ended up with two tragedies, but tragedies compounded by the economic burdens and the additional stress that you have mentioned.

And what we are going to hear later, I presume, is that there are employers who are very thoughtful, and do care very much. And if I felt, this situation could be corrected by allowing common sense to take over, then there would not be a necessity for legislation at all.

The problem is that far too often, you have employers who do not show that sensitivity. And you do not have the kind of relationships as with Karen Scott and Rupert Seals, where they knew their supervisors. They could anticipate the need for leave ahead of time, and they worked it out. But others, who had worked at the same facility, but who did not have the prestigious position, would not have that kind of access to supervisors, and could not work it out.

And that kind of inconsistency is unfair, particularly when you consider that the people who have the less lofty position, or who make less money, are going to have the greater burdens put on them.

What we are trying to achieve here, to some degree, is some uniformity in all of this. We do not want to be faced with a situation where only those workers who know their supervisors can get leave. Some people have suggested a cafeteria approach to parental leave, saying "well, put this on the platter, and workers can choose whether or not they want this as one of the benefits."

This is not a few days of vacation, or a pension plan or something. We are talking about job security here. Is the job going to be there when you get through the 18 weeks or less that may be necessary for you to be with that infant, or that sick child?

So it is an entirely different set of issues than choosing among a plate of options here. What difference does it make if you choose the other options, or choose this one, and you have no job to go back to? It seems rather ludicrous to suggest that you might choose a pension plan over job security, and then lose the job. What good then is the pension program without the job?

So I want to thank you again for being here today. Thank you. John.

Senator KERRY. Thank you, Chris.

First of all, just a quick question. What kind of health care coverage did you have during this?

Mr. RILEY. We had an HMO.

Senator KERRY. HMO.

Personally subscribed to. You did that individually, it was not through your job, was it?

Mr. RILEY. It was through the job, but I had to pay family coverage, over and above the single membership.

Senator **Kerry**. Okay. Well, let me just comment, because I know we are backed up here, that first of all, Teddy, thank you, because you have been really extraordinary in your dedication to this, and leadership in it, and I think that the contribution you are making nationally is just hard to describe, both the example that you set, as well as the work you are doing to help educate folks. And we appreciate it enormously.

To both of you, Walter and Tom, and Mrs. Riley, you know, I was listening to your story, I can imagine—not imagine, I just know how hard it was for you to tell it here, it was hard to listen to.

And I think my blood, and the blood of a lot of people here, begins to boil when you measure that against what Dr. Brazelton was saying about Arnie Hyatt's company, Stride Rite; and then there is Lotus; and there are other companies out there, which have proven that you cannot only deal with these kinds of things in a humane and decent way, but also foster a much better, stronger relationship with people who care about the work, as well as your family and other responsibilities.

And it seems to me that the opportunity was there for this employer to foster a kind of lasting loyalty and relationship that would have made you make up those hours down the road 20 times over. And in all kinds of other ways, it would have been, I think, to the benefit of this company.

And I was just left here measuring the words of Dr. Brazelton about the ethic of this country. And what kind of country are we when we are forcing people into those kinds of choices in the same breath as we say, "hey, we care about families"? And as we have a lot of politicians who are making careers out of running around this country falsely defining what the ethics are about, what we will define peoples' allegiance to family, and the ways in which we care about it.

And if I ever heard a stark and basic reason why people ought to stop and reconsider not only their definition of the ethics, but how we are going to respond to it as a country. I think your stories have laid that out today. So I really want to thank you very, very much.

Senator **Dodd**. Thank you all, again, and particularly, the two of you, Mr. Hames and Mr. Riley. I cannot tell you of the thousands of people around this country who you will never meet, who will be deeply appreciative, ardently appreciative, of your willingness to come forward and tell your personal stories. So we thank you.

Mr. **Riley**. Thank you.

Mr. **Hames**. Thank you.

Senator **Kerry**. Mr. Chairman, as you know, my prior schedule does not allow me to stay through the rest of this, and I apologize to the subsequent panels for that. But I just wanted to, again, appreciate all you have done for this.

Thank you very much.

Senator **Dodd**. John, we thank you for coming. And as I said earlier, you have not only been gracious to help us come to this State, and receive us here, but also, you have been deeply involved in these issues. We thank you for that, as well. And thank you for coming.

Our next panel of witnesses includes some of the key policymakers throughout the New England States. We are fortunate here in this part of the country to have several States that have already enacted maternity or parental leave policies.

We are looking forward to hearing about the effects these States' policies have had on employees and employers.

I am going to ask each one of the witnesses to come on up and take a seat, if they would.

Mary Jane Gibson is the Assistant Whip of the Massachusetts House of Representatives. She is the author of the bill now pending to establish a parental leave policy here in the State.

Richard Licht, who is the Lieutenant Governor of Rhode Island. He is the sponsor of the Parental Leave bill now pending in the Rhode Island Legislature. He has been a longstanding advocate of pro-family legislation.

Steve Spellman, State Senator from the State of Connecticut—Stonington, Connecticut, who is the Committee Chair, who, along with Senator John Larson of Connecticut, was responsible for the Parental Leave bill which was just enacted into law, signed by Governor O'Neill, in the State of Connecticut. It is one of the most far reaching pieces of legislation, in the country. Senator Larson has also introduced a package of bills concerning families and children. That package is considered, really, to be on the cutting edge of what any of the States are doing. We are proud in Connecticut of the role that these new Senators and new Representatives have made in this area.

Joan Quinlan, who is Advisor to the Governor on Women's Issues in Boston; is filling in, I might add, for the Governor, who is attending a Mayors' Conference in Nashville, presumably with stopovers in Iowa, and places in between, over these next couple of days.

Kathleen Hennessy, Advisor to the Mayor, at the Mayors' Conference in Nashville—and I am sorry I missed my old classmate from college, Ray Flynn, who is a dear friend, as well, here this morning. But we appreciate you being here, as well.

And after we get through, we will hear from David Magnani, State Representative, who is the only male member on the Commission on Parenting. He has a few comments he would like to make.

Again, we thank you for being patient. I know how busy you all are, and you have been sitting through this. I hope it has been helpful just to hear some of the testimony here this morning.

We will begin, of course, with you, Mary Jane, this being Massachusetts, and your buildings. We are sensitive to that. Thank you for coming.

STATEMENTS OF MARY JANE GIBSON, ASSISTANT MAJORITY WHIP, MASSACHUSETTS HOUSE OF REPRESENTATIVES, BOSTON, MA; RICHARD LICHT, LIEUTENANT GOVERNOR, STATE OF RHODE ISLAND; STEVEN SPELLMAN, MEMBER OF THE SENATE OF THE STATE OF CONNECTICUT, STONINGTON, CT; JOAN QUINLAN, ADVISOR TO THE GOVERNOR ON WOMEN'S ISSUES, BOSTON, MA; M. KATHLEEN HENNESSY, ADVISOR TO THE MAYOR ON WOMEN'S ISSUES, BOSTON, MA; AND DAVID MAGNANI, MEMBER OF THE HOUSE OF REPRESENTATIVES, COMMONWEALTH OF MASSACHUSETTS

Ms. GIBSON. Thank you, Senator Dodd.

I am delighted to be here, and I want to welcome you, and all those who are guests today, to the home of the next President of the United States.

We are happy to——

Senator DODD. A loyal group here, I must tell you.

Ms. GIBSON [continuing]. To have you here, because you represent leadership on children's issues in the Senate, and give us such hope that those issues are going to be given a fair hearing, and that progressive legislation will be forthcoming because of your interest and your skill in those issues.

We are proud of Senator Kerry and Senator Kennedy for cosponsoring the Parental Leave and Medical Act. And we want to tell you that by beginning in Boston, you have come to the right place.

We are, in Massachusetts, working towards passage of a bill which, in some ways, echoes the work that you are doing. It is less comprehensive, but it adds what we think is an important feature, which is a program of wage replacement.

In our judgment, without wage replacement, extended leave is meaningless to most families. Our figures indicate that four out of five families could not, in fact, take advantage of a four-month leave unless there were some wage replacement available. So the issue, in general, is one which we come to support, and we thank you for your leadership.

I would like also to recognize Susan DeConcini, who is here today, the wife of the Senator from Arizona, and an important advocate on this issue in her own right.

Senator DODD. Well, I am glad that you did, I must tell you. I saw her here, as well. And I was surprised to see her up here, in one sense, but not surprised in another.

And Dennis DeConcini—and he will be the first to tell you—in no small measure, is one of our strongest supporters, because of Susan's work, in this whole area.

She is terrific, by the way. If you want to get her to come up here and speak to corporations and businesses, she does as good a job as any person I know. I do not know where she is—there she is, over there in the corner. Susan, thank you for being here.

Ms. GIBSON. It is wonderful to have you here.

This case has been made, and more eloquently than I can make it. I just want to point out the one feature of our bill that we hope you will keep in the back of your mind as you move along on this issue.

Working families, find it economically impossible to take advantage of a leave without a wage replacement feature. We would like to work with you in supplying some of the data that we have collected in our Parenting Leave Commission.

You have heard Dr. Berry Brazelton, who is an important member of that Commission. It has included labor union women, members of manufacturers 'associations, psychologists, and teachers and academics who have amassed a great deal of supportive data on this issue which we will be happy to make available to you.

As you have responded to the witnesses this morning, the testimony and the activity of the National Chamber of Commerce has come to light. I would just like to say that the Chamber of Commerce is wrong on this issue. They are morally wrong, they have been inept at putting together the cost estimate for it, and they have been willfully ignorant of the consequences when we don't have parenting leave.

I think someone needs to be very clear about that. We want to be sensitive to small businesses; we want to work with them, we want to be sensitive in Massachusetts to startup industry, which is a very important part of our economy. But we also want to be clear that this is an absolutely fundamental human value that we are talking about, in strengthening the family, in giving babies a good start in life and we think that there are humane and enlightened advantages to business, as well.

I just wanted to make that point, and thank you again for your leadership, and offer you our support and help in Massachusetts in working toward a Family Leave and Medical Act that we can all be proud of.

Thank you so much for letting me participate this morning.

Senator DODD. Thank you very much too for coming here.

Lieutenant Governor, we appreciate your coming up from Rhode Island. And again I know you have introduced a bill, as I mentioned earlier, and I have hopes that it is going to become law in the State of Rhode Island. So we are delighted to have you with us today.

Mr. LICHT. Thank you very much, Senator.

It's a pleasure to be here. And if it will make Mary Jane feel any better, Rhode Island casts its vote for the Governor of Massachusetts also. I know we're not in Atlanta yet, but we'll be there.

I am here today because, like you, Senator, I believe that one of my primary responsibilities as an elected public official is to speak for people who can't speak for themselves. And I've considered myself an advocate of children and children's issues, whether it be expanded day care services in our State, maternal and child health care, child health issues, teenage suicide prevention. I like to believe that when something involves children, I'm there to speak.

I'm here today because one of my top legislative priorities in Rhode Island is a parental leave bill. Our bill, while a good bill, isn't as good as yours, and I would hope that this could pass because our bill will mandate 13 weeks of unpaid leave for both mother and father. And I think it's important that, as we've heard today, that fathers be included.

And I have, in the course of my negotiations with legislative leaders, indicated that that's a non-negotiable provision; that it is the parental leave that we need, not just maternal leave, and that it be available not just on the birth of a newborn but, just as importantly, for the adoption of a child for those families that choose to adopt.

I'm proud to say that our bill has successfully, or is about to successfully pass both branches of our General Assembly. And I'm very confident that it will be on the Governor's desk this week.

I think when we're talking about this issue, Senator, it's very important that we not categorize or not allow to be categorized parental leave as a woman's issue.

Actually, this is an issue that is an important family and economic issue. It's vitally important to a family's welfare to give new parents, both natural and adoptive, the security of knowing that their job is protected while they take the time out of their work to establish an all-important parental bond with a newborn child.

We've seen dramatic changes in the composition of the work force over the past several decades which have placed tremendous stress and strain on family life, and workplace policies must be adjusted to these changes.

In Rhode Island in 1985, we had approximately 13,000 births, and half of the mothers were in the work force. It's a fact of life today that both parents have to work out of sheer economic necessity. But statistics don't tell the whole story. This is an issue, as we've seen this morning, that affects men and women, and it's not just something that happens currently.

I was very moved at a hearing that we had when a State Legislator came to testify. She was a cosponsor of this legislation, and she came—a very quiet woman, but very forceful—she came to testify about her experience. She's 76 years old. And she told of how, when she gave birth to her fourth child at the age of 42, her employer was enlightened enough then—and that's over 25 years ago—was enlightened enough to give her some time off from her work because both she and her husband worked at that time, and then reinstated her with her seniority after.

This was extremely important to her because, within a year of the birth of her fourth child, her husband died and, consequently, she was able to care for her entire family because she did have a job and it had been preserved. Had she not been allowed to go back to her job, she didn't know where she might have been.

Well, her story is nearly 25 years old. Such stories today are even more common. And more often than not, the parents and children involved have been far less fortunate.

The traditional family model of breadwinner father and full-time homemaker mother is no longer the norm. It's the exception. It's about time the American employer wakes up to the fact of what the workplace is about.

I happen to also be an advocate for small business, and I pride myself in having worked with the Chamber of Commerce on numerous issues. And suddenly the Chamber of Commerce is beating down the doors of the General Assembly supporting day care legislation which, four or five years ago, they were silent on or thought made no sense. Well, I predict that, although they oppose this today that, in four or five years, they will realize the wisdom of this legislation, that it makes for better morale, more productivity, and much better work force.

It's enlightened, it's sensible, and it will make America more competitive, not less competitive because, as you know, the key to competitiveness is the productivity of our work force. And where both parents work, we want to make sure they are out there working in the right frame of mind in knowing that they still have a comfortable, good family life.

So I congratulate you, Senator Kerry, Senator Kennedy, and other cosponsors of this legislation. And I hope that you're successful in getting it enacted.

Thank you very much.

Senator DODD. Thank you very much for that. And I will have some questions for all of you in a minute.

But Steven, Senator Spellman, I have known Steven and his family for as long as I have been alive. His father was a great friend of my parents. His father was also the first Selectman of Stonington for numerous years, I don't know how many, 30 years or something like that. And Steven's a recent member—recently elected to the State Senate, and has worked closely with Senator Larson, who has been responsible for what we consider to be one of the most comprehensive legislative packages on family issues in the country. So I thank you for coming up here today.

I know John Larson wanted to be here today, but he's our Acting Governor today. And I don't know what he's up to down there, but we're nervous.

Senator SPELLMAN. Thank you very much, Senator Dodd. I have directions from Governor Larson to send his regrets.

I should also note for the record that I am appearing today on behalf of the National Association of State Legislators.

I would like to begin, Senator, by congratulating you and your Committee for the tenacity and thoroughness with which the whole Committee and your staff has approached this issue.

We in Connecticut are proud of your leadership, and we've taken a page out of your book and, spurred on by your efforts, and guided by you and your staff, we are proud to be on the cutting edge of the law in regard to this issue.

We have passed this year what is the Nation's first comprehensive parental and medical leave act. For a while I think we were running neck and neck with the State of Minnesota in order to become the first State to pass the new law. But, as you mentioned, when Governor O'Neill signed the bill into law on May 20, we became the first in the Nation.

I want to focus on two acts in particular which we passed during this session. But I should note, as a preliminary matter, that the approach of the General Assembly this year was to pursue an entire package of legislation which was referred to as the "family in the workplace package." That package of legislation resulted in 16 bills being passed, including bills addressing the issues of day care, accessibility to health care services, housing and job training and placement. The cornerstone of this package, however, were two bills addressing parental and medical leave.

The first of these provides for up to 24 weeks of unpaid leave to State employees upon the birth, adoption, or serious illness of a child, parent or spouse. And it also provides for a like period of 24 weeks of unpaid leave upon your own illness, if such illness exceeds the medical leave which you are otherwise entitled to. In regard to the 24-week period, I should note that this is in addition to the existing paid maternity benefits which are available to State employees.

Along with this bill, we passed a bill which provides a task force to study the availability of both paid and unpaid leave for families in the private sector, and to develop a model program for private industry in our State in order to follow the leadership role which is being developed by State Government in this regard.

In listening to the testimony which came before our committees, I heard many of the moving kind of stories which you have heard this evening [sic], which pointed out the interrelationship between the workplace and the family. And I think it's apparent from the things that you've heard from the victims of serious illnesses that testified before you, the impact of not having job security in the family.

What we learned from the testimony we heard was that the relationship goes very much the other way. We're very fortunate in our State to have a company which plays a leadership role in the Nation, the Southern New England Telephone Company.

In regard to parental leave, I know that you heard testimony from representatives of that organization in February, so I won't repeat the specifics, but I will indicate that we, as a legislature, were convinced that you could apply a cost-benefit analysis in very non-humanitarian terms to this issue, and still conclude that this is good legislation just based on cost-benefit analysis.

It provides stability of workforce, rather than instability. It enables you to keep good employees over the long run, and it creates the atmosphere and morale in the workplace that enables a person to work up to their full potential.

We hope that we have secured that for State employees by providing them the job security of returning to either the same job or a similar job any time after the 24 weeks leave following the events which I have indicated: birth, adoption, or serious illness of someone in your family.

I was shocked to learn, when we were bringing this bill before the Legislature, that we were going to be the first in the Nation. And, in looking at comparisons around the world, I was surprised that we, in a society that prides itself on our commitment to family, fall behind most other nations in the world, including the Soviet Union, in regard to provisions for parental leave.

We are proud to have taken a significant and positive step in the right direction. We are proud of the leadership that you are providing.

I think that any society is judged best by what it does for its children. They are truly our greatest national resource. They are our future. And I hope, Senator, that you are successful in doing this on a national level.

Senator Dodd. Thank you very much, Steven.

I should note as well that Steven has his spouse with him, Pamela, here today. I appreciate your bringing her along as well. I appreciate your interest in keeping your prepared statements short.

And I noticed you paraphrased your remarks there, but we will have the entire statement included in the record. That goes for all of you as well.

Joan Quinlan is with us, and is as I mentioned earlier, Advisor to the Governor on Women's Issues. And we thank you, Joan, for being here and hope you will express our gratitude to the Governor as well.

I consider Mike Dukakis to be a good friend. I was with him a few short nights ago in this city at the Kennedy School at Harvard. And I know he is busy, so we thank you for being with us.

Ms. QUINLAN. Mr. Chairman, thank you for the opportunity to allow me to testify on behalf of the Governor, as well as the Lieutenant Governor, Evelyn Murphy, both of whom regretted very deeply that they had previous commitments and were out of town and could not be here today.

I know that the time is brief, and I have one very brief message I wanted to communicate today. And that is, as we have seen here in the Commonwealth, parental leave can be extended to employees, and it can work, both for the employer and the employees.

Last year, the Commonwealth signed contracts with the Alliance, which is composed of AFSCME, Council 93, and EIU, Locals 283, 254, and 509, as well as contracts for the National Association of Government Employees, both of whom together represent about 40,000 State employees.

And in this contract, an eight-week parental leave is extended to fathers and mothers. This parental leave is in addition to the eight-week maternity leave which Massachusetts law already guarantees mothers. In other words, it is translated into 16 weeks of leave for women, and eight weeks of leave for men. This benefit has recently been extended to management and non-bargaining unit employees as well.

I just wanted to say the Governor is committed to parental leave, as well as child care, as policies which strengthen families. He hopes that the Commonwealth's policy will serve as a model for other employers in the State.

And I think the point is that 16, or if there were two children, 32 weeks out of the 35 to 40-year work life is really a very small investment for employers to make in the next generation.

Thank you.

Senator DODD. Thank you, Joan, very, very much.

Ms. Hennessy, thank you for being with us.

Ms. HENNESSY. Thank you, Mr. Chairman.

In the interest of time, I'm also going to shorten what I have to say.

The difficulty of speaking as one of the last is everyone else already said my introductions and all the other supportive things I can say about the concept.

But what we wanted you to know is that Boston has one of the more extensive leave benefits in a group of about 16 cities around the country. And we allow for 1-year maternity leave which is unpaid which, of course, is still a disadvantage, but something that maybe we can change over the next couple of years.

Ninety-five percent of our workforce is represented by unions and employee organizations, and they have seen this as an important benefit, one they're willing to negotiate for. Perhaps they can do that in a more paying benefit down the road.

Two years ago, in 1985, we introduced a new concept in our contracts, which included parental leave. It was funny trying to explain what "parental" meant, because a lot of the people sitting across the table at that time thought, "Wait a minute. What happened to 'maternity'? You want to make us equal here."

But "parental" means both parents, and we felt it was important to do that. It is a benefit that is only 1-week unpaid and then, at the discretion of the department head, any additional week. So I think it's at least a beginning, and I think it's part of an overall attitude we have in Boston to extend benefits to workers to include their families in the issues that we're talking about.

We also have an aspect of requiring people to return to the same or similar position after maternity leave. It's very threatening if you can't do that.

As a mother of two teenaged sons, I was in the workforce a long time ago, and there was no such thing. And I left my job and didn't go back until 3 years later.

And I think it's an added security, and it's essential in order to maintain some consistency through the workforce. In Boston, it helps us to keep our trained employees. It helps us keep people committed to serving taxpayers and the public in Boston in the way that we feel is important.

We wanted to make sure that you knew that we supported the legislation; that we're eager to work with you and provide any statistics and other information that may be helpful.

Senator DODD. Thank you very much, Ms. Hennessy, for your being here this morning. And please extend my best wishes to the Mayor.

Ms. HENNESSY. I will. He said to say hello.

Senator DODD. Thank you.

State Representative Magnani.

Mr. MAGNANI. Thank you very much, Senator. And I appreciate your giving me the opportunity to speak.

I am the only male member of our commission in Massachusetts, and I really feel strongly that this is not just a woman's issue. And while it has been said before, I think it bears repeating because another male legislator walks into Congress and the State Legislature, and it's important for us to understand that this is a family issue, not just a woman's issue or a man's issue, or a children's issue.

And I think that will really change the dialogue to begin to understand that. So I just want to reemphasize that, particularly as the father of a young child, who not only had the obligation and the opportunity of spending 2 months with my young son when he was born, really developing an extraordinary relationship with him that I feel fathers have been excluded from frankly, and it is an opportunity I feel men need to be given.

The second major point I guess is simply that those of us who consider ourselves on many issues to be pro-family, I've heard an awful lot of rhetoric in being pro-family in this country.

It seems to me our obligation to children does not end at birth. And we really have to bite the bullet when it comes to carrying that responsibility beyond there, and beginning to understand that if you take the position of being pro-family, you've got a tremendous obligation to carry that social responsibility well into the child's years, and the rhetoric goes well behind the commitment thus far. And I think we ought to call a question on that issue.

Third, I want to echo our Chairwoman's responsibility and her position on pay.

I'll talk about pay for just a moment because I think wage replacement is a central issue with regard to medical and parental leave because of the fact that without it, some of the low income women will be excluded and, in fact, for those women and men who are in jobs that may pay a little bit better are in a much better position to negotiate parental leave with companies that can provide it for professional workers. But wage workers are much less likely. And frankly I would not want to see us exacerbating the inequality to the next generation.

So I think that the pay issue has got to be dealt with. And also, politically speaking, if we do not deal with the pay issue now, and we do pass a strong parental leave bill without the pay issue included, my fear is that two things will happen.

One, those folks that are actively politically involved will have the 18 weeks; we will have a national perception if we have dealt with the peripheral parental leave problem, and it will be very difficult to go back and take a second cut of the apple for the most vulnerable men and women in the workforce a second time around. So I think we need to regroup the issue of pay before we go much further.

Lastly, I want to address the issue of cost. Folks that mention the fact that many companies do, in fact, find they have a more loyal workforce so we can justify parental leave on a cost-benefit basis.

Everyone talks about cost and not benefits, and I think we should emphasize that if you look at the public balance sheet which is our responsibility as public officials, the public balance sheet, it seems to me, comes down strongly in favor of parental leave because of the social costs that we in public life have to assimilate for the taxpayers for those costs that are generated when children do not develop in a healthy manner.

So the concept of the public balance sheet changes the equation and gives us strong interest criterias for supporting parental leave.

And for those folks who talk about the economy and what it will do to the economy, I remember reading in the business page yesterday, and I was struck by the juxtaposition of the two key stories on the business page yesterday, right at the top of the Boston Globe Business Section, it said, "U.S. Economy Strong, U.S. Economy Strong." And right beneath that, an eloquent description of economics, was another story that said, "Urban poor rooted permanently in urban poverty." Same day, same business page.

That says something about what's happening when those of us who talk about building a strong economy forget about the fact that the economy is supposed to work for people and not the other way around.

Thank you very much.

Senator **Dodd**. Thank you very much. I appreciate your coming here today.

And we had literally dozens of requests from people who wanted to testify, and I could not possibly accommodate everyone. We were glad to receive your statement here this morning.

Let me ask just a couple of questions, if I can, to the panel, and then sort of open it up and let you each comment to the extent you would like to on these things rather than directing questions to each one of you individually.

We in New England take great pride today, and certainly Governor Dukakis has every right to be talking about it as a Presidential candidate, in the economy of our region. We in Connecticut are proud of the fact that we have the strongest economy, at least on a per capita basis if the statistics are accurate, in terms of earnings and so forth.

I might point out that we have some pretty staggering poverty in our State in the midst of that affluence, and that fact should not be neglected at all. One of the arguments we get on parental leave is—and you have heard this, I am sure—that this discriminates against women. Given the fact that it is probably going to be the woman who will be requesting parental leave, the notion is she will probably be discriminated against in subtle or not so subtle ways, when being considered as a job applicant. That is No. 1.

No. 2 is that this is a crushing piece of legislation for small business. For firms with fifteen employees or less, fine, they are exempted. But firms with 16, 17, 18, or 20 employees, to lose one or two or three people within a six-month period when the firm is struggling to make ends meet, the notion is that this would be crippling.

Given the strong economy of our New England States and so forth, and since we have passed a parental leave law in Connecticut and considering there is one moving in Rhode Island, and there is a partial program here in Massachusetts, what are your answers to those kind of criticisms? And begin any way you would like.

Mary Jane, if you would like to start.

Ms. **Gibson**. I'd like to say two words. One is that families accommodate to newborn children and to their leave capabilities in a variety of ways.

For some families, it is better for the father to take the entire leave. For some families, it is better for parents to spell one another, take half and half. For some people—and some extensive studies have been done by the conference board in New York—there is data to show that a number of women strongly prefer three months with flex time during the fourth month. So those things may develop in a variety of ways. Some fathers probably should stay home because of temperament and interest and the kinds of vacations they have, and so on.

So, as that plays out, I think it will be less likely that this will be seen as exclusively a female benefit.

In my own family my husband, at the age of 50, became an entrepreneur and started a company seven years ago, and my son worked for a year and a half for no pay. I understand very well, excruciatingly well, in those start-up years of a new business, how difficult it would be to lose one employee.

He now has about 100 employees, about 90 of them women. And I look at that and see that not one of them during that seven-year period has had a baby, although some of them are of childbearing age. The reality is the numbers are very, very small, in Massachusetts something like 80,000 live births a year.

The reality is that this benefit applies to a very small number of people, and the current convention is that young parents are having smaller families, one or two children rather than five or six or seven, and so on.

So the numbers and the variety of ways in which families accommodate to this will reassure employers, I think, that it will not just be that women take the time. It's parental leave after all, not just maternity leave. And the numbers in Massachusetts, and I think they correspond well to the rest of the country, are very, very small. This is a small benefit and not a large one.

Mr. LICHT. I think I could respond in several ways to what you said.

First of all, just to give you what the relevant statistics are in Rhode Island.

There are about 13,000 live births in Rhode Island each year. Of course, about 1,700 or 1,800 are teenagers so assume for the moment they might not be in the workforce yet because we are trying to work on things to get them back into school.

So you are talking about 11,000 births out of 425,000 people who are employed in the workforce. So you are talking about a relatively small percentage.

Second of all, the number one complaint I hear from business people is that they cannot hire enough people; that their biggest problem today with the good economy—and unemployment in Rhode Island is around 4 percent—I know it's the same or better in Connecticut and Massachusetts—that they can't find qualified people, and you are now seeing all kinds of benefits being offered by more imaginative employers.

For example, a lot of nursing homes are now—new ones are being built with day care centers right on site. They never would have thought of that several years ago.

So I think that adopting this policy in good economic times means that they're not going to have any choice or any thought on whether or not they could discriminate, even if they wanted to. And I think once they experience this practice, they'll find that it makes for a better employee.

And I can only conclude by telling a real life experience. And that's of my wife.

My wife is an attorney. She went to work for a firm in 1973 in Providence, which was the second largest law firm. She was the first woman attorney they ever hired. Four years later, we had our first child, and she went to them to talk about leave. They never even thought about the situation before. They were very kind and understanding, as you would expect. The higher, as you said earlier, Senator, the higher you are up, and the better your relationship with your supervisor, the better chance you have to have this.

But there were some people who were of the older school and used to ask the question, "Well, how can you hire a woman attorney because she is going to get pregnant and have children?"

Well, that law firm, where my wife was the first, today has over a dozen women attorneys, most of whom are mothers and have gone off and come back, and are very valued members of the firm. And they've become partners and other things, as my wife was their first partner.

So I think what has to happen is that the fears the businesses have will be broken down by experience. And in good economic times, I think it's the best time to have them see this benefit.

Senator DODD. Thank you, Richard.

Steven, I might ask you, as well, because we've had, since 1979, a maternity leave law in the State of Connecticut. I don't know if you have any data at your fingertips about what that has meant in terms of discrimination against women in hiring practices at all, is there is any information.

Senator SPELLMAN. None that we could document, Senator.

I would point out one critical difference that wasn't in the existing law was the security in terms of returning to your job. I think that was the key factor that got in.

In terms of the issue you raised in regard to Connecticut having a strong and thriving economy, what that means in our State, one of the results of it is that there is a very competitive market for good employees. And I think that business is learning that there is an interest in not only finding good employees, but keeping good employees.

We had the benefit of looking at a 10-year experience factor, the Southern New England Telephone Company, which supports the claim that Mary Jane was making, that this really is a limited impact in terms of numbers of employees and lengths of time that they're out. In terms of bank for the buck, or what you're getting out of the legislation, it is significant.

In terms of the general issue, or fear, I would more adequately term it, of this legislation resulting in discrimination against women, I found it very interesting in our State Legislature that the only people that raised that concern were conservative male legislators. To me, it was raised more of a walk-ride or a threat than any real concern.

Senator DODD. It is nice to hear that.

Senator SPELLLMAN. We have in existence anti-discrimination laws which protect against that. I think that kind of discrimination exists when there is a concern about leave for maternity. And I think being able to look at it from a planning aspect, you know that it's not going to exceed 24 weeks is a positive aspect.

Senator DODD. I might add Marsha Renwanz, my Staff Director here, has just informed me that the Connecticut figures on unemployment for women in 1979 was 6.1 percent unemployment rate; and in 1986 it was 4.1 percent unemployment rate for women.

So, since the time we instituted maternity leave in Connecticut, we have not seen a drop in the employment of women. Granted, we have a strong economy in our region. Nonetheless, the idea one of the arguments against maternity leave when it was originally proposed was that it would cause discrimination against women. And that has not been the case in Connecticut or New England.

Obviously, taking all those factors together, there has been almost a 3 percent drop in unemployment rates for Connnecticut women. So maternity leave would appear to have had a negligible effect on the employment of women in Connecticut.

I am sorry. Joan.

Ms. **Quinlan**. I would just very briefly add Massachusetts, along with Connecticut, is also one of the States that has had a maternity leave law on the books since the seventies and, on the contrary, it has given women protection. We have no indication that it's led employers to discriminate against women but, rather, they've had protection from discrimination.

And that, by including fathers, you begin the process of making it so that employers won't really think, "Oh, if I hire a woman, then I'm going to lose here when she has a baby." But, in fact, both parents may eventually start taking advantage of that kind of benefit.

Ms. **Hennessey**. I have two statistics. One, last year, in 1986, 25 people from the City of Boston workforce took advantage of the maternity leave.

Senator **Dodd**. Out of how many people?

Ms. **Quinlan**. Twenty thousand. That's not a lot.

And, since 1982, our participation in the workforce of women in the city had increased 90 percent.

Now, those two obviously disagree with the assumption that you're not going to hire women, and they're going to stay out for a year. The average stay out here in Boston is somewhere between four months and five and a half months, not for the one year they're guaranteed. So there's not the tremendous impact on replacing costs and time off for jobs.

Senator **Dodd**. Let me just—again I am going to sound terribly knowledgeable about Massachusetts here—but, in 1972, you passed your maternity leave bill in this State. In 1975, unemployment for women was at 11 percent. In 1986, unemployment for women was 3.7 percent.

Again, the argument was that maternity leave legislation was going to lead to discrimination. Obviously, that has not been brought out by the statistics.

That does not discount the effect the economies of the region have had on employment. I do not want to suggest it has been the maternity leave bill itself that has increased female employment but obviously it has not resulted in discrimination.

Mr. **Magnani**. Excuse me, Senator.

You'll be happy to know that the business community in Massachusetts has been telling this commission that this should be done at the Federal level and not the State level.

Senator **Dodd**. I want to see that. Send that testimony to me, will you?

Mr. **Magnani**. So that Massachusetts is not put in an uncompetitive disadvantage. So you will be happy to know that the business community——

Senator **Dodd**. Well, that is my sort of last question for all of you. I have kept you a long time here, but I wonder if you might comment on that particular notion.

There is always the debate in government over what issues we ought to be doing at the local level, the State level, and the Federal level. And I wonder if you might just comment briefly on that.

Obviously there are unique features that go on at a State level and differences at the Federal level. I wonder if you might generally comment on the notion of whether or not we ought to be doing more of this at the Federal level, so you do not end up with a patchwork kind of situation, which is a danger. Connecticut gives 24 weeks parental leave to its State employees. Massachusetts has a different program already, and Rhode Island is moving on a different one. So, in an area that is smaller than an awful lot of States in this country, where a lot of people who live in Rhode Island and Massachusetts, work in Connecticut, or vice versa, you have some discrepancies in the law.

And my view has been that it would make more sense to have a national policy, to have at least minimum standards. States could have tougher standards if they wanted, much as we do in other areas of jurisdiction.

Any comment on that at all?

Ms. GIBSON. If I could make one comment on previous discussion as well. Part of the success story in New England, the good economy on which we're riding, is due to the number of women in the economy. It's not just that we have a good economy, therefore let's let them benefit. We have a good economy precisely because we have a lot of women in the marketplace and a lot of them underpaid to boot.

So we're not giving something to a group that hasn't deserved it. They've created the good situation in which that benefit ought to be given.

I find it suspect when people tell us at the State level it should be done at the Federal level. And they tell us at the Federal level it should be done at the State level. We're too smart for that. I think clearly we need to do it at the Federal level as soon as possible, and it is our intention to support you and to lead you in legislation.

Senator DODD. Thank you.

Mr. MAGNANI. The small business I think requested this is my impression. There are a lot of small businesses that are, in fact, providing parental leave and better benefits for parents. And it seems to me that you make those businesses more competitive that are doing it by inquiring of other businesses so there is a Federal level playing field.

Secondly, the marketplace is very creative. If, in fact, you've created a market for temporary employees, believe me, there will be new firms, growing up and will try to respond to that particular need for employees on a short-term basis. And it may in fact be an economic benefit. I just think that has been the history.

Senator DODD. Any other comment on the State/Federal issue?

Mr. LICHT. I think that it's essential that we have a national policy on this. I think we've seen that in the labor field throughout this century, whether it was the child labor laws or minimum wage or other things.

What's happened, as Judge Brandeis said 70 or 80 years ago, that the States were a series of laboratories where we could start fermenting some of those ideas. And I think you're seeing that happen on this issue as in many others.

But ultimately it makes sense to have a national policy. It's fair to all the States as they are, as the representative said, on the same level playing field, and that we don't have that patchwork. So I, for one, would urge Congress to enact this as a law.

But the States have to go ahead while we wait. But, with your leadership, I'm confident it could be done, Senator.

Senator Dodd. Any other comments at all on that?

Ms. Hennessy. I couldn't agree more.

Senator Dodd. All right. Let me just mention one other thing too, and that has to do with the pay proposal that was suggested. I think there's a strong case to be made, as I'm sure it will be. Other nations do have paid leave.

But let me just tell you flat out—and every one of us sitting here is in politics—the realities are that you make this a paid leave program and this bill is as dead as any piece of legislation you will ever see. It is hard enough as it is getting cosponsors for it.

A lot of it is confusion over the difference between parental leave and child care. Some have bought the original numbers that were floated by the Chamber and see this is a staggering cost. The Chamber has already substantially reduced their own cost analysis.

So I know that that was raised. You particularly raised it, Lieutenant Governor. But, as I gather more gray hair on this head, I want to begin to get what I can on this. And if I waited around until I had exactly what I wanted to, that is all I would be doing, is waiting around.

So, with all due respect, we are going to try and do the best we can with this and move ahead on it.

I cannot thank all of you enough for being here, particularly those, like Richard and Steven, who have come a long way to be here this morning. It is really helpful to us. I know the other panelists appreciate your presence.

And again to the Governor, the Mayor, please extend my best wishes and thanks for the hospitality.

Mary Jane, congratulations on your fine work here in the State and, Mr. Magnani for your work as well. Thank you.

Our next panel of witnesses includes the business associations, some of which oppose the legislation, others who support it. Some have enacted parental leave policies within their businesses, some obviously have not.

Alice Griffin is the Chair of the Board of Small Business Association of Massachusetts. She is President of the Griffin Pension Services. We appreciate your being here this morning.

Freada Klein, Dr. Klein, is the Director of the Organizational Development for Lotus Development Corporation in Cambridge. This is a software firm. Lotus wants to be known within the high tech industry as the "employer of choice," as I have before me in quotation marks.

I might add that Dr. Klein helped write Lotus' parental leave policy.

Steve Elmont is with the National Restaurant Association, President of Creative Gourmets in Boston, Mass. Creative Gourmets is a food service management company, operating cafeterias and catering events. I am also told that when I spoke at the Kennedy School on parental leave policies, the dinner that I ate that evening was provided by Creative Gourmets. I recall that meal. It was fantastic, it was fabulous. Every item on the menu was delicious.

And we thank you for being here this morning. You have all been very patient, by the way, in waiting.

Jane Perkins is the Office Administrator of Sea Corp. in Middletown, Rhode Island. Sea Corp. is a small subcontractor with 21 employees building parts, I might add, for the Trident submarines, which are of major concern to us in Connecticut and the region. The second major largest employer in our State of Connecticut is Electric Boat, a division of General Dynamics.

Jane is here to tell us of Sea Corp.'s state of the art parental leave policy, a policy, I might add, which she designed.

And we are delighted that you are here with us this morning.

Sharon Fischer, I had you—well, I have two different thoughts here.

You are from Baltimore, and you are here representing the National Association, is that correct?

Ms. FISCHER. I'm representing the American Subcontractors Association.

Senator DODD. All right. But you are President of Priceless Industries, which is also in Baltimore, is that correct?

Ms. FISCHER. Yes,

Senator DODD. All right. And you are representing the National American Subcontractors Association, and you are Secretary of that organization?

Ms. FISCHER. Yes, I am.

Senator DODD. Okay. Thank you very much, all of you. Again you have been patient.

You are not my last group of witnesses, but I thought it was helpful in some ways not to have you first because you get a chance to hear what the others are saying. I think it is a little fairer that way.

So I thank all of you for coming, and I will ask each of you to follow what we have done in the past, and that is to keep your remarks, formal remarks relatively brief. Your written comments, however long they are, will be a part of the record. I promise you that. If you would paraphrase them in three or four minutes, it would be most helpful to us.

We will begin with you, Ms. Griffin, and again we thank you for being here.

STATEMENTS OF ALICE GRIFFIN, CHAIR OF THE BOARD, SMALL BUSINESS ASSOCIATION OF MASSACHUSETTS, BOSTON, MA; FREADA KLEIN, PH.D., DIRECTOR OF ORGANIZATIONAL DEVELOPMENT FOR LOTUS DEVELOPMENT CORP., CAMBRIDGE, MA; STEVE ELMONT, NATIONAL RESTAURANT ASSOCIATION, PRESIDENT OF CREATIVE GOURMETS, BOSTON, MA; JANE PERKINS, OFFICE ADMINISTRATOR, SEA CORP., MIDDLETOWN, RI; AND SHARON FISCHER, BOSTON CHAPTER, AMERICAN SUBCONTRACTORS ASSOCIATION, PRESIDENT OF PRICELESS INDUSTRIES, BALTIMORE, MD

Ms. GRIFFIN. Thank you, Senator Dodd, for holding this field hearing here in Boston.

I am the President of Griffin Pension Services, Incorporated, which is a service company located in Hamilton, Massachusetts, with a staff of 10.

We provide administrative services to more than 400 companies to assure their compliance with the Federal laws regarding retirement benefits.

The business was founded in 1979 so that I could achieve my full potential in the workplace, and so that I could meet the new financial demands that were imposed on my family due to a change in the economic world.

I am also serving as Chairman of the Board of Directors of the Small Business Association of New England, known as "SBANE," and SBANE is the Nation's oldest independent small business organization whose members number more than 1,800 growing businesses.

Senator DODD. I am very familiar with it. Shaw Mudge is one of my dearest friends and a good supporter. At least he has been up until this bill. I don't know where he is now.

Ms. GRIFFIN. Well, SBANE is concerned of the small businesses not being understood, and it articulates its concern with the problems generated by our new working culture in this country.

And based upon the recommendations of the White House Conference on small businesses which was held in the summer of 1986, and subsequent prioritizing of issues, SBANE is opposed to the mandating of parental and disability leave. We are not opposed to the concepts of parental and disability leave, but it is the mandate that gives us great concern.

As the economy changed, so too did our culture. And the single-family earner became a luxury that few families could afford. Parenting at all stages has been plagued with many problems, and the children of this Nation deserve better care.

Small businesses are frequently family businesses, and they have traditionally been very sensitive to employee needs. Small business, and particularly the SBANE members, want to find a realistic solution to our parenting problems. However, we do feel that the proposed legislation will introduce a burdensome expense on all businesses.

We in small business are noted for our job creation. I think that we have been extremely important in the successful recovery of this economy, and it has been stated time and time again that it has been the small firms that have provided the jobs for those people who have been laid off from some of the larger employers. And it has been the small firms that have brought many, many women into the workplace.

We are concerned that as this type of legislation, which is really part of the larger menu of mandating what will happen in the workplace, that we are going to impose some burdensome costs on business; and we feel it's very important that we achieve a balance in this debate and make those who are going to be enacting the legislation in this particular area that will be sensitive to the very delicate balance of keeping our economy strong and our small businesses strong.

It has been stated in my own organization that I only have 10 employees, and that doesn't affect you. I think that perhaps is really not a realistic statement, because whatever happens in the economy happens to every employer, regardless of the size. And there will be costs associated with this kind of legislation, particularly if it is imposed uniformly across all employers.

There are many employers who could not possibly stay in business if they lost the presence of several employees. There are employers who could adapt to longer periods of an employee being away from their organization.

Let me tell you how we handle problems of this nature in my own office. We have not had a maternity leave. I guess the statistics that have been expressed here today have been borne out. It does not happen in every organization. But let me tell you that, as an employer, we do have a need to be responsive to the cultural problems of our workplace and of our workforce.

I have had employees who, for their own physical ailments, could not be at work. They are working at home with the advantage of today's electronics, with a terminal and a modem, and they are technically carrying their burden for us.

I have had employees who have had to be out of the workplace for caring for their children, and simply enjoying the rearing of their children, participating in events that are important for the family and, yes, important for everybody's well-being and stress levels.

And a very serious problem in the workplace today in my own organization has been the need for employees to get out of the workplace to care for aging parents.

So the world of work is very, very different today, and employers have to be adaptive.

We at SBANE are very supportive of a program of recommendation from the National Small Business United Organization which represents organizations such as SBANE all across the country. And the suggestion there is that this legislation should be requiring all firms to articulate their benefit policies and programs so that employees and respective employees would have an opportunity to select those employers who are being responsible as they develop their working policies from today's world of work.

We think that adaptive systems that are appropriate to the specific work environment may assist in mitigating employer costs of many types of employees that we are going to experience.

My personal experience makes me believe strongly in the free enterprise system and in the promise of advancement within that system.

Women are forming new enterprises in greater numbers than ever before. In fact, the formation of new businesses by women surpasses the formation of new businesses by men. These new businesses are the very enterprises that could suffer the most by your program of mandated benefits.

I urge you to consider the opportunities for women and for families in the small business sector. And I really don't believe that a 15-employee organization is the appropriate cut-off number, but as a beginning to encourage employers to state policies.

I was somewhat surprised to hear this morning that there was an employer that didn't have a policy handbook because small firms are developing policy handbooks, and larger employers have assumed those were almost critical for any operation. In today's top employment market, how anyone would come in and even entertain your job without understanding what the benefits were came as a big surprise to me.

I do hope that Congressmen and Senators will work very closely with the smaller firms to be certain that we don't tip the balance as we develop those policies, and that you will understand that we are not opposed to the parental and disability leave. But we are opposed to a mandate.

Senator **Dodd**. Thank you very much.

Dr. Klein.

Dr. **Klein**. Thank you for the opportunity to speak today.

Just in regard to——

Senator **Dodd**. You have to speak right into that microphone, doctor. I apologize to you, but the acoustics——

Dr. **Klein**. How's this, better?

Senator **Dodd**. That is better.

Dr. **Klein**. Okay. Thank you.

Just to address the points that Mrs. Griffin has spoken to before me, Lotus Development Corporation put in its parenting leave policy when we were a small business. In fact, Lotus is five years old, and has had a parenting leave policy for three-fifths of the company's life.

In sum, what the policy calls for is roughly, with minimal service, three months of paid leave with job guarantee for men and women.

I would like to point out that our policy applies to all employees without regard to marital status nor sexual preference.

In part, that's our own philosophy. In part, that is compliance with an across the river Cambridge city ordinance that prohibits discrimination in employment on the basis of sexual preference.

After the three months of paid leave for employees, there is a choice of an additional months of unpaid leave with job security and full benefit protection, or three months of flex time. We have found that that choice differs based on the life circumstances and the temperament and the desires of our individual employees.

I'd like to say a little bit about why we've put it in place and what our experience with that policy has been.

As you mentioned in introducing me, Lotus has a stated corporate value of being the "employer of choice" in our industry. We have stated corporate values respecting the individuality of our workforce. It is not an organization where people are expected to check their personality at the door before they come to work.

Our senior management is fond of saying that our assets go home at night. They walk out on their two feet. They are our employees.

Having a parenting leave policy assists us in attracting and retaining the most qualified employees. Also our CEO is fond of saying, "We plan to be on the cutting edge of the cutting edge, technologically." Again, we cannot do that without the best and brightest and most committed employees.

Those employees who are worrying about their children, those employees who are worrying about other stresses or tensions in their lives, balancing a career and their families, are not our most productive employees.

The policy has been well utilized, but it has not been abused. It has also, I would say, been insufficient to address the life course needs of our employees. Employees continue to face the malcontention between balancing their careers in an organization that is extremely fast paced with their family needs.

A common refrain at our company is, do you have to be young, single and willing to work 70 hours a week to succeed there? Some of our employee programs, including parenting leave, address that issue.

In addition, we offer a child care information and referral service, and are looking at an on-site child care center. We offer a lengthy extensive balancing career and family seminar series open to all employees.

I would also like to add that our experience with our parenting leave policy has been that while employees are out on leave, it provides interesting career development opportunities for other employees who may pinch-hit to fill in for them. We have devised job rotation programs to help fill in for employees on leave. And it expands the career opportunities of all the employees.

In addition to what we've offered, we do feel what's needed is a comprehensive network of integrated public and private supports that do not force employees to make the trade-off between their careers, or their work lives, and their personal lives. That includes child care. That includes programs for all kinds of dependent care and also, I think that includes fostering the sense of employees' membership in their communities, which may mean some community service as well.

I think this proposed legislation is a very important step, and is certainly consistent with how we, as an employer, have seen our duty to our employees. But it is still somewhat insufficient.

Thank you for the opportunity to comment on this.

Senator **DODD**. Thank you very much, Dr. Klein.

Mr. Elmont, we appreciate your being here this morning.

Mr. **ELMONT**. Thank you, Mr. Chairman.

Senator **DODD**. It is afternoon now.

Mr. **ELMONT**. As President of Creative Gourmets, Ltd. we are a food service management company based here in Boston. I also serve on the Board of Directors of the National Restaurant Association, and was Past President of the Massachusetts Restaurant Association, and I appear on their behalf today.

Our association is one of the founding members of the Concerned Alliance of Responsible Employers, CARE, and my comments reflect their views as well.

Mr. Chairman, in recent years, restaurant operators have had to respond to the tremendous change in the workforce. There has been a significant increase in the number of working women, many of whom have significant family responsibilities.

In response to this growing trend, employers have instituted a variety of programs to assist workers in meeting dual family demands.

Our members recognize that greater attention must be paid to the expanding employee benefit packages. They know that in order to attract and keep a stable and loyal workforce, they must be willing to accommodate the individual needs of the employees.

However, the question before us today is whether the Federal Government should mandate businesses to accord special treatment to family responsibilities by mandating job protective leave for personal illness of up to 26 weeks, or child care of up to 18 weeks.

We believe that such a broad government mandate is unwarranted and amongst a costly and counterproductive intrusion in the marketplace.

Let me describe for you my own company, Creative Gourmets, Ltd. and how this bill would affect us.

Our company operates over 60 cafeterias in businesses, school and health care settings within the Greater Boston area. We are also—something I was about to say I guess.

Senator Dodd. You might want to try that other microphone. That microphone has been a constant trouble. Just use the other one that is there.

Mr. Elmont. Thank you. We are also one of the city's leading caterers. In fact, as a member of the Democratic National Committee and of its Business Council, I am your host for Saturday evening's gathering of the committee at the John F. Kennedy Library, as well as the Kennedy School of Government where you ate last week.

We have 500 full-time employees, ranging from unit managers and professional chefs, to on-line culinary workers, cashiers and line servers.

Senator Dodd. We are going to work you over at that dinner.

Mr. Elmont. I'm sure you are. That's why John left obviously. I'm on his Finance Committee as well.

In addition, we have about 200 part-time function service employees who fill in for us on an as-needed basis. We're somewhat unique in that our employees work in a number of locations throughout the greater metropolitan area. There may be as few as three or four employees working in a single client cafeteria.

In fact, coincidentally, we run Lotus' food service facilities. And in Lotus we have four employees in the distribution center, and 13 employees in their corporate headquarters. So you can see we are indeed very decentralized.

We offer a range of benefits for our employees, and surely we want to protect them and provide them to be very loyal to us and we to them.

Our current benefit package includes a comprehensive health care plan, a formal maternity leave, a formal personal leave policy, flex time, profit sharing.

Our health care program costs me annually $1,560 for a single employee, and $4,200 for a family.

We provide work sharing and alternative work schedule options. We offer 12 weeks of maternity leave without pay, and these workers are guaranteed their previous position, or a similar one, when they return to work.

We also grant personal leave of absence without pay of up to 12 weeks for any employee, but the employee must have worked for Creative Gourmets, Ltd. for at least one year before taking such a leave. In addition, the employee must pay 100 percent of their insurance premium during their leave of absence.

Mr. Chairman, with our decentralized mode of operation and our small individual units, this legislation has the potential for tremendous disruption in our organization.

Keeping a position open for 18 or 26 weeks is simply out of the question. We would have no alternative but to hire another person, most likely not as skilled, well trained or as dedicated as the people we currently have. There would probably be a deterioration in our service.

Our current training and recruiting component would be thrown into disarray. We today spend $6,000 a month to recruit employees. In effect, we would be hiring people who could take a leave of absence, potentially at any time, turning us and forcing us to train constantly new people.

Our managers and chefs would become frustrated because of their inability to provide excellence on a daily basis.

We simply cannot afford to replace these workers temporarily. For example, right now we spend $300,000 annually on temporary employees to fill in when people are just out sick. It is nearly impossible for us to restore a returning worker to their previous positions or comparable ones.

We contract with our clients. We agree to provide a consistent level of service. It would be incredibly difficult to maintain that level if we were constantly rotating employees.

Our business is a bit unusual. A customer wants to be recognized when they come in all the time. And if we transfer employees, they can't be recognized.

Also with replacement, there is lost productivity while the new employee learns the job. And with temporaries, there is the added disadvantage that they do not have the same dedication and concern that a permanent worker has.

One of the consequences of this bill would be a greater reliance on part-time employees. This certainly would be the case for us in Boston, but it's already hard to find qualified employees. The low unemployment rate is making it very difficult to find any employees.

This bill would probably result in more overtime and, additionally, probably cause morale problems because we believe, as do many other companies, in the high quality of life for our employees. We want to maintain that quality of life so they do have a life outside of Creative Gourmets, Ltd.

Finally, there is the added expense of carrying leave takers on our insurance plan. This cost would be considerable for us because they would not pay the full premium of insurance during the leave. In addition, claims that might occur as a result of their increased leave taking would be borne by us, because we self-insure. And any surplus in our self-insurance goes to our employees' profit sharing program.

Mr. Chairman, I would like to conclude my comments with a few observations.

First, this legislation is based on the erroneous assumption that all businesses are alike and that all employees' needs are the same. Businesses vary greatly, not only from industry to industry, but even from company to company and department to department. And employees' needs for benefits are ever changing.

Second, the private sector continues to take care of valuable employees. And, I might add, valuable employees aren't the high level employees, the rich employees, the senior management. In my company, we have but 16 people in senior management out of the 700 people. The most valuable employee to me is the dishwasher and the grill cook. And they're the ones that I think would suffer most. At Creative Gourmets, Ltd. we attempt to increase benefits at every turn.

Third, help us stay in business and provide jobs. If this bill were to pass, we would more likely have to stop contracting with small cafeterias which require two or three employees.

I want to thank you very much for giving me the opportunity to speak.

Senator DODD. Thank you very much.

Jane Perkins, we thank you for being here.

Ms. PERKINS. Thank you, Senator Dodd, for offering me the opportunity to testify before you.

I would like to first tell you who I am. I'm the Office Administrator for a company with 21 members, eight women and 13 men; two women on the more professional level, most of us in the support group.

To tell you why we established a policy on parental leave—I had a staff member on my staff personally who became pregnant and asked about our policy. We have a policy and procedure guide because we are a subcontractor with the Navy and have a written policy, unlike many small businesses. We had no maternal, paternal or parental leave policy.

The initial reaction of my superiors was resistance on their part. They asked that I research this area, which I did.

I contacted the Employment Security Commission in the State of Rhode Island and was directed to Dr. Rita Clark-Chambers, who is the Executive Director of the Permanent Advisory Commission on Women for the State of Rhode Island; and Maureen Maigret, who is the Policy Representative for the Lieutenant Governor's office for the State of Rhode Island, who told me about four bills pending in the State of Rhode Island which are in the process of being passed. I studied this information and came up with the policy for our policy and procedure guide.

I must say that the key here was a non-discriminatory parental leave policy which would cover the case of a birth or the adoption of a baby, or in the serious illness of a child.

This would cover all permanent full-time employees who worked 30 hours or more per week and had been continuously employed by our company for a year.

The parental leave would be leave without pay not to exceed four months. The employees would be entitled to be restored to their former position or a position equivalent in seniority, status, employee benefits, and pay when they returned to their job. The health benefits would also be maintained by our company, provided the employees return to work. We also would cover disability insurance payments.

Our policy would be a written policy too. Historically, we have found, especially being a woman in the workforce, that unless something is written down, you may not get what someone has told you that you will get.

I also considered the employer. I tried to be very sensitive to both the employer and the employee in drafting this parental leave policy. I felt that the employer would benefit—one of the motivating factors would be that it would create a sense of loyalty and dedication among the employees. And the employees would be assured of a job, as it would certainly improve their quality of life.

Our company believes that our human resources are our most valuable assets. We also felt that with the trend in society today, that the financial burden rests on both parents, as previous testimony has certainly supported.

Our company has a family orientation, and I feel, I'm sure as well as my company, that our children are our greatest asset.

As far as putting our leave policy into effect, it's only been in effect for about a three-week period now.

My employee who has gone on maternity leave as of last Friday—she had her baby so she's gone on maternity leave, and she will return in four months.

Senator DODD. Thank you very much, Jane.

Sharon Fischer, we thank you for coming from Baltimore.

Ms. FISCHER. Thank you, Mr. Chairman. Can you hear me?

Senator DODD. Yes. Just turn that microphone as close to your mouth as possible. There you go.

Ms. FISCHER. Okay. Today I am representing the American Subcontractors Association.

My company has 55 employees and is relatively large by industry standards. The majority of ASA firms are family-owned, with an average of 20 to 30 employees.

Using my company as an example, let me briefly describe some of the problems that are inherent if this bill that may not be quite so obvious to those working outside the industry, can cause.

On a work site, performance and workmanship are highly dependent on a crew's continuity. The ability to maintain quality and performance on a project that may have to be completed in six months is going to be extremely difficult.

Employees on this project are automatically eligible for parental leave. If a skilled worker who may have just been hired at the beginning of a project drops out in the fourth or fifth month, I would have to maintain his benefits, guarantee him a job on his return, and even though the project may have been completed—I use the word "may" because, depending on the ability to replace the employee—the project may be delayed because of the employee's absence and the inability to rapidly find a skilled replacement.

This, in turn, affects the performance of the other contractors on the site. It can also cause liquidated damages and delayed payments to the other contractors, ultimately increasing costs to the consumer.

The support staff of my construction firm is every bit as vital to the success of my company as the employees on the work site.

For example, the inability to replace one of my sales executives who took 18 weeks of maternity leave cost my company over ¼ million ($273,000) in lost revenue.

I feel the hidden costs for this bill include continuing the benefits of the absent employee, the salary of any replacements hired, the training of a new employee, and a number of other costs associated with lost projects and delayed deadlines.

On top of this, there is also no guarantee that the employee will return to work. For my firm, the potential annual financial impact of implementing this bill is estimated at almost $100,000 for training and health insurance.

Construction is not what the public actually perceives it to be. It is not just the hard-hats on the work site. Besides field employees, we also need financial officers, sales executives, secretaries, bookkeepers, and other support staff.

ASA is not opposed to the concept of parental and medical leave. To the contrary, we strongly urge our members to offer such benefits whenever feasible. The problem is proponents assume this is a policy that can be applied to the average subcontracting firm. But most of us are in small business and can't afford it. To be forced to do so by the Federal Government will only add to the already tremendous hurdles that small businesses face.

Thank you, Mr. Chairman.

Senator DODD. Thank you very much again for your testimony.

Let me—I have so many questions for you, so let me begin, first of all, with you, Ms. Griffin, if I can.

I wonder if you might have some data or statistics on the number of family businesses that employ 15 employees or less? Describe family businesses.

Ms. GRIFFIN. While most of our small businesses are closely-held businesses, and in SBANE better than 9 percent of our membership represents small firms, small closely-knit firms.

Senator DODD. Do you have any numbers exactly on that?

Ms. GRIFFIN. No, I don't.

Senator DODD. You mentioned the costs, how every decision has a cost.

You employ 10 people I think you said?

Ms. GRIFFIN. Yes, I do.

Senator DODD. How would this bill affect your costs?

Ms. GRIFFIN. Well, our costs, we have just heard from other witnesses——

Senator DODD. Fifteen employees I understand, but if you have 10 employees like you do, how does it affect your costs?

Ms. GRIFFIN. I am sure that, just as other employers, would have an added cost that would have to be applied in the pricing of their product.

So, as I go out in the marketplace to provide the equipment and the supplies that we need, I would see a cost as I require services from other professionals. There is a cost impact to this bill, and the consumer will have to pick to pick up that cost.

Senator DODD. So your assumption is that you are not affected directly, but whoever else you do business with that employs more than 15 people would be a cost you would have to——

Ms. GRIFFIN. Absolutely.

Senator DODD. You talked about elderly care. Certainly you would have to agree that the psychology of caring for elderly parents differs substantially from that of than caring for a newborn?

I mean most parents, most elderly people, would not want their adult children to take four months leave I would presume. Wouldn't you have to agree with that?

Ms. GRIFFIN. Well, I'm sure that my mother would not have wanted to make her illness to, in any way, affect my work or my family. However, when she needed care, when she was being released from a hospital with no placement for her, I had no choice.

Senator DODD. What my point is, there you are talking about more than likely an extended period of time. You may have periods of reasonably good health.

With newborns, for the overwhelming majority—barring some problem that emerges and so forth—you are dealing with a relatively fixed amount of time that most people will agree parents need to stay at home. That is, people who are professionals in the field feel that after the critical time for building that bonding relationship, then parents can get back to work. Whereas with an older person, obviously the health problems are going to be constantly recurring ones of one kind or another.

So it seems to me that there is a significant difference there. And, of course, you know that in my bill I do not deal with taking care of elderly parents. The House bill does touch on the elderly parent issue. But there is a substantial difference between caring for infants and the elderly. Wouldn't you agree really?

Ms. GRIFFIN. Oh, I agree that there's a difference in the nature of the problem. I used that as an example of what is impacting the workplace, as an employer, the need to be responsive to the realistic problems that confront all of our employees.

Senator DODD. Is it your view that this kind of legislation would have an impact on hiring within small businesses to the extent that people are apt to be discriminated against, women particularly, as a result of a federal parental leave policy?

Ms. GRIFFIN. I really don't believe that women will be discriminated against. I think if there's going to be discrimination, it's going to be discrimination against young people.

But smart employers are going to recognize the contributions of our young employees, and the realities of getting the appropriate employee is the overriding consideration.

I have heard conversations that people have said that they would not hire young women. I have heard conversations from other small employers. This causes a great deal of disruption in a small organization when you are very close to the bottom line. And people have to be realistic about what the problems could be in the organization, and I refer to employers who have been very concerned about having some of their key people out for 18 weeks, whether they be men or women.

Senator DODD. Well, I just point out again, in Connecticut, one of the arguments against the maternity leave legislation when it was enacted in 1978, was that it would hurt small business. Counting employees in firms with fewer than 20 workers, which certainly qualify as small businesses, in 1978 there were 223,000. In 1984, that number was 240,000. In Massachusetts, in 1976, there were

373,000 employees in firms with under 20 employees, and that number in 1984 grew to about 400,000.

So, again, I do not know how those numbers match up to with what happens in larger firms. But obviously, to the extent that people felt as though there would be some discrimination, you may want to examine those numbers in terms of how many women are employed in small businesses and the like.

Given the unemployment figures I mentioned earlier in both States, where we have had maternity leave now in the case of Massachusetts almost 15 years, approaching 20 years anyway; in Connecticut a little less time, it would appear at least that the fear that existed that these laws would result in discrimination against women appears not to be the case.

Mr. Elmont, I am somewhat intrigued by your testimony because I find you, on one hand, being an advocate in a sense by what you do.

Mr. ELMONT. Right. That's correct.

Senator DODD. You know, you state on page 4 of your testimony that you have a formal maternity and personal leave policy. You offer 12 weeks maternity leave without pay, that is with a guarantee of your previous position or similar one. You also grant personal leave of absence without pay up to 12 weeks. That is 24 weeks in your firm.

It would almost seem as though you have become a model for the legislation, barring a couple of weeks here. Mine goes 18 weeks voluntary, yours is 12, so we are talking about six weeks. But, nonetheless, it seems to me here that you have discovered what we are trying to get others to discover. And that is a policy which takes into cognizance that workers not choose between family and workplace is something an employer has set up.

Mr. ELMONT. Right.

Senator DODD. And, on the other hand, you are very firm in your statement here about being opposed to the legislation. I find that——

Mr. ELMONT. I can explain that quite simply.

Everyone talks about their assets walking out of the door. Our assets don't walk out the door. People are our technology. So people in my business is all I have to sell. I mean that is the bottom line.

What I'm concerned about are the three things in the bill that I hear.

Senator DODD. Yes.

Mr. ELMONT. One, we're talking about mandating versus—mandating to me means entitlement. A benefit in Creative Gourmets is something that one earns. Therefore, they get their—not their maternity leave, but their personal leave after one year of employment, meaning they've demonstrated that they are concerned quality employees.

Senator DODD. That is not a bad idea, by the way. I have had people raise that as something we ought to think about putting in the bill. And I have stated publicly that I think that is exactly the point to have as part of the bill, whether it is one year or something like that. I have heard from more people that that is something that you——

Mr. ELMONT. I understand the food service industry, which is the largest retail employer in the United States of America, has a 300 percent turnover rate in a year.

Senator DODD. I understand that.

Mr. ELMONT. So that anything—I mean we are very——

Senator DODD. Use that other microphone if you can. There is one right next to Dr. Klein.

Mr. ELMONT. Every time I say something sensitive, it——

Senator DODD. I know. I wish I had one of those for my press conferences.

Mr. ELMONT. So I don't think we're—philosophically, any good employer in the United States of America is going to do everything that the bill says perhaps.

However, the concept of mandating becomes repugnant to business because you lose competitive edge.

If government is going to mandate everything that we are supposed to do as good human beings, you can't legislate morality. Morality has got to be part of the corporate culture of each company. And the better the company—the better Lotus is to attract employees, the better Creative Gourmets is to attract employees.

Senator DODD. Without belaboring the point, if there is a standard which everyone must meet, it seems to me you have removed the competitive issue.

I mean if some are doing it and some not, you can argue that that is a difference. Now, obviously, we do discriminate here in that we say 15 employees or less would not be included. Because I agree, not every employer is the same, not every business is the same.

Take geography, for instance. There is a question of whether or not you have a firm that employs people within a relatively small radius but in different offices. That is one issue. If the offices are further away from each other, that is something else. So we might have to make some accommodation here, it seems to me, to be realistic.

But, by and large, if you are talking about treating everyone alike, it seems to me here that you have eliminated the issue of whether or not some businesses have an advantage and some do not.

Mr. ELMONT. That is not the basis of the economy in our society.

Senator DODD. Are there gourmet or catering services in the area that do not have the same package as you?

Mr. ELMONT. Absolutely.

Senator DODD. And how are you doing versus them competitively?

Mr. ELMONT. We have an annual compounded growth rate of 40 percent a year for the last nine years.

Senator DODD. Well, you know you are the best. I am going to take you with me for my other field hearings.

You have a policy here that I am trying to get the government to adopt, and you are making money hand over fist.

Mr. ELMONT. I will also state that I had the largest no-smoking section restaurant in Massachusetts. However, the moment legislation came, I did away with it. You can't force morality. The sensitive people in this world—

Senator DODD. Do you think of the minimum wage as morality?

Mr. ELMONT. Clearly.

Senator DODD. Well, don't we have minimum wage laws in this country?

Mr. ELMONT. And I don't think the minimum wage should be increased. The minimum wage should——

Senator DODD. I am just saying basic minimum wage laws.

Mr. ELMONT. No. I think that——

Senator DODD. The 40-hour work week?

Mr. ELMONT. No.

Senator DODD. You would not mandate any of those things?

Mr. ELMONT. You can mandate quality of life in terms of the basic things, of whether you can employ teenagers or other things, but we'll save that for——

Senator DODD. Child labor laws?

Mr. ELMONT. We will save that for Saturday night.

Senator DODD. How about child labor laws?

Should we put people to work at age 12, 11?

Mr. ELMONT. Absolutely not.

When we start getting into esoteric values as to what should be mandated——

Senator DODD. What is esoteric though, if you have a sick kid and your job is on the line?

Mr. ELMONT. Your bill, Senator, calls for 26 weeks of personal leave.

Senator DODD. No, 18.

Mr. ELMONT. Twenty-six weeks of personal leave has nothing to do with family.

Senator DODD. We are talking about basically three issues of adoption, new birth, and also the——

Mr. ELMONT. There is not 26 weeks——

Senator DODD. Well, we do have that. But the basic thrust of the thing has to do with the children's side.

Mr. ELMONT. Fine. If you take that out, then I will have a different view.

But you are talking about 26 weeks of any human being who decides that they are ill can take advantage of this bill. It has nothing to do——

Senator DODD. If they decide they are ill?

Mr. ELMONT. With a doctor's note.

But I'm saying we're not talking about parents here. We're talking about somebody who comes to me and says, "I'm sick and I have a doctor's note and, therefore, I am taking 26 weeks off." That's part of this bill.

And, by the way, I'm paying 100 percent of their insurance.

Senator DODD. What I would like to get from you—what we are trying to get on some of these things is to get ideas and suggestions on how we can make this a better bill.

So let me see if I understand that.

Mr. ELMONT. Okay.

Senator DODD. If we had something like a one-year minimum employment, and if we had a better—say not 26, but lower that down substantially on the personal leave issue—those are two issues that you find difficult? What else? Is there anything else you would——

Mr. **Elmont**. Why should I pay for their insurance when they're not employed?

Senator **Dodd**. Well, to cover the health benefits, and so forth.

I mean you have sick leave, and you pay people when they are out on sick leave, don't you?

Mr. **Elmont**. That's correct.

Senator **Dodd**. So your $300,000 in sick leave is primarily due to wages, isn't it?

Mr. **Elmont**. No. That is $300,000 to replace people who are out sick. That is temporary.

Senator **Dodd**. But you are paying them while they are sick?

Mr. **Elmont**. That's a temporary agency I'm writing a check to for $300,000, plus paying the employee, plus paying their insurance.

Senator **Dodd**. So that is in addition?

Mr. **Elmont**. Right. Absolutely.

Senator **Dodd**. Go ahead, doctor. Do you want to comment?

Dr. **Klein**. I wanted to comment. As Mr. Elmont's already mentioned, Lotus employs Creative Gourmet. For the protection of our 1,650 employees who eat Creative Gourmet food, I would not like to have them choose between coming to work and preparing our food sick versus losing their jobs.

Senator **Dodd**. That is a good point.

Mr. **Elmont**. They don't in my company, so it's not an issue.

Senator **Dodd**. They are scaring us. You are serving dinner on Friday night. How many of those people are going to be sick who are going to be there that evening? Well, those are the kinds of suggestions we are looking for here on this legislation. Sharon Fischer talked about the cafeteria approach as well.

I would point out something I did earlier. When you are talking about choosing among a variety of benefits that may be offered to you, it seems to me you cannot include job security as one of those options. To me you have to deal with job security in a different fashion here.

We are talking about unpaid leave, but there are health benefits that we maintain for people already receiving them, so that they are covered while on leave.

But, to include job security along with the other benefits available, it seems to me, is asking an employee to make some very difficult if not impossible choices. It sounds silly to choose a benefit over job security and then to find out you have lost the job. What point is the benefit then?

Go ahead, Sharon.

Ms. **Fischer**. Senator, I think that is what everybody is looking for, set the policy. And the employees that are good employees that are going to produce, there are good employers that are looking for good employees and they maintain those employees.

You try and work with the employee what am I supposed to do with a superintendent or a foreman that takes off four and a half months, comes back, that job has been completed. How can I guarantee that man his same job back?

Senator **Dodd**. Well, you mentioned the person that had gone out——

Ms. **Fischer**. My sales executive?

Senator **Dodd**. Yes. How would you apply maternity leave to her again?

Ms. **Fischer**. Well, I think maternity leave is a misconception, at least you cannot find it in my employee manual. It is my understanding maternity leave is the same as any sickness or illness.

Senator **Dodd**. Well, given a choice of losing her or getting her back, what would you do? Do you want to lose her forever?

Ms. **Fischer**. Why do you think I gave up a quarter of a million dollars, Senator?

Senator **Dodd**. Why?

Ms. **Fischer**. Because she is a good employee. And I'm trying to work around her.

Senator **Dodd**. That is all I am trying to say.

Ms. **Fischer**. So why do you mandate what if I have five out of my six employees, my sales executives happen to go on maternity? You say, "Oh." Let me tell you——

Senator **Dodd**. I did not say anything.

Ms. **Fischer**. Five out of six of them bought brand new houses last year. There's no guarantee that they aren't all going to get pregnant.

Senator **Dodd**. Well, you know the statistics——

Ms. **Fischer**. What if they decide that they want to have a child? Now, wait a minute. Be realistic.

If all five of them did it, I could not guarantee them a job. I could not leave their territories empty.

Senator **Dodd**. Well, my point is again, as you heard earlier, statistically this is an issue where you do not have the kind of rates that you are talking about. That is not the case.

Two, in terms of having people fill in for those on leave, it sounds to me like you are anticipating what you think may be the problem.

I find it somewhat intriguing that those who have adopted the program, who have the program in place, are the best witnesses for it.

Wait a second. Let me finish.

Those who have never adopted the program are absolutely opposed to it, without ever really understanding the issue. Rather, they are anticipating what life is going to be like with such a policy. Whereas, those who have adopted the program, why is it they are the ones who come forward and say it works? I always find that somewhat intriguing.

Do you understand what I am driving at?

Ms. **Fischer**. We chose to do that, Senator. We are not being told that we must do it. And it's not fair to tell us that we have to do something.

Senator **Dodd**. Well, that argument has been used against almost every piece of Federal legislation going back 50 years. You know that as well as I do.

Ms. **Fischer**. Education starts in the school place. Why are we not educating our children?

Senator **Dodd**. That is philosophical opposition with respect to whether or not the Federal Government ought to mandate certain things and that is something I can understand. That is something that some people just differ on. And that has been an argument that is almost as old as the nation, it seems to me.

But obviously we would all agree that there are certain things that, in the absence of some Federal mandates, would have created havoc in our society.

And so I happen to believe this is something that is needed, given the demographic transition in this country. We still have people believing that we are operating as we did 20 years ago when you had 70 percent of all men were in the workforce. Today, 70 percent of all adult women are in the workforce. And as you have heard earlier, with the statistics going as they are, and with single-parent families, the economics and so forth have become absolutely crushing. We have got to recognize that, if we are going to, it seems to me, be successful.

And, fortunately, you have good employers in this country who are doing a lot of this already. What is tragic in a sense is when you only have a small fraction doing it and, as a result, we are raising the possibility that we are going to have serious complications with people who are least advantaged.

You point out, Mr. Elmont, that the most important person is the dishwasher and so forth. Unfortunately, the dishwashers of this world do not end up having the kind of protection that we saw others have. As we heard from other witnesses earlier this morning, who are in manager positions and so forth, know their supervisors and need time off, they get it.

Unfortunately, those people have very little protection when these issues arrive. And, in many cases, they need the protection more than others, given their economic status and condition.

At any rate, I thank all five of you for being here.

Any additional comments you would like to make? I do not want to shut you off there, Sharon, You have come a long way.

Are you Irish, Sharon?

Ms. **Fischer**. What does that have to do with it?

Senator **Dodd**. Any other comments?

Ms. **Fischer**. Senator, I guess the only thing that I don't know how to stress enough is that it is objectionable to be told that you have to do something when you're out there and you're trying to do your best to make life for your employees, ultimately for yourself, better.

And I'd like to know why we are discriminating against the 10-employee employer? Aren't their employees just as important as mine?

The people on your staff, I'm not positive but I think that you have more than 10 people on your staff.

Senator **Dodd**. My staff? I have parental leave in my office.

Ms. **Fischer**. Do all Senators have it in their office?

Senator **Dodd**. Not that I know of, not all. That is something we would like to have. But we have a child care facility in the Senate, and an awful lot of Senators do have parental leave policies. Most do, I think.

Ms. **Fischer**. Well, I understood it differently. I understood that—Senate staff is exempt from mandates

Senator **Dodd**. No. We have one. I have had one in my office for some time.

Ms. **Fischer**. And I understood that they weren't accepting the bill.

But why aren't we discriminating against the very small employer?

Senator **Dodd**. Well, because I told you—when you take 15 employees, you have already excluded about 25 percent of the workforce and 80 percent of the firms in this country.

Ms. **Fischer**. Okay. If we are excluding 85 percent of the firms in this country——

Senator **Dodd**. Eighty percent.

Ms. **Fischer**. Eighty percent of the firms in this country, why are we picking on 20 percent with the bill? Why is that bill so important to pick on 20 percent of the people?

Senator **Dodd**. No, no. It is not 20 percent of the people. It is 20 percent of the firms. Because an awful lot of women are employed in small business.

Ms. **Fischer**. But we're not hitting the ones where they are all employed.

Senator **Dodd**. Well, the "15" is used in Federal legislation across the board. But I understand your philosophical problems.

Anything else?

Mr. **Elmont**. May I make one comment?

Senator **Dodd**. Yes.

Mr. **Elmont**. You talked about the concept of the people this morning. The person who got fired particularly I'm sensitive to.

If mandated benefits happen, whatever ultimately happens, I think there is—if we have that same kind of employer that he had before, the resentment after that employee has their 18 weeks or their 26 weeks, they are going to be terminated anyhow. So that we in our society can't guarantee employment after that bill.

I think that goes back to my question about mandating morality again. The good employee, the good employer are going to have a bonding relationship forever. Although we, in society, can mandate certain things, we can't ensure them forever.

Senator **Dodd**. I disagree a bit on that, but I appreciate your comment.

Yes?

Dr. **Klein**. If I could just respond. Some of the opponents here today sound just like some of the opponents, especially our managers, when we proposed this policy three years ago, and I don't think any of them would voice that same concern today.

The experience we have had with the policy is that it has improved productivity, it has improved employee commitment to the organization, and it has improved relationships between co-workers as well as between employees and management.

I think all the things you are raising are things again, as I said, we heard as hypothetical objections. The experience is that resentment doesn't happen, and employees appreciate it for their unique contribution once they're out. Other employees pitch in and help. Other employees get career development opportunities.

I think it has had—Lotus' profitability is fairly well known in this area. And our most profitable years coincide with having a parenting leave.

Mr. Elmont. That is because Lotus is an enlightened company. It's part of their culture, rather than mandating it on something.

I absolutely agree because my company is the same way. I mean we have a really high morale. But you have to work on it.

How many companies in the United States have a Ph.D. as part of their Human Resource Department? Think about it.

Senator Dodd. We have thought about it a great deal.

What I find here is revealing, and I think helpful in many ways. If I listen to what Sharon is saying, and if I listen to what you are saying Steve, and also you, in terms of your opposition to small business, Jane, is that basically you are looking at it from a philosophical statement.

Particularly in your case, Steve. You have adopted a policy that we are trying to get others to adopt. I think your case and Dr. Klein's is rather interesting in that one is a proponent, the other is an opponent. You both have found the policy to be very helpful to you, and very beneficial to your employees.

What we find, however, across the country is such a small fraction—putting aside parental leave—in the issue of child care, only 2,000 or so employers out of six million support any kind of child care services at all.

We cannot find a single firm in America—according to the Hewitt Associates, who did the analysis on the cafeteria benefit plans—not a single firm in America has parental leave among its cafeteria proposals or benefits. And Hewitt Associates invested cageteria benefit plans.

So the idea that parental ought to be somehow a part of the cafeteria approach, does not exist, at least in any place we can find.

So I think there is a consensus here that this ought to be done. The difference is whether or not State Government or Federal Government ought to mandate it. And that is a basic philosophical difference which I can appreciate.

But there is no difference that I see at all by anyone standing or sitting before me over whether or not this is a sound idea. How it occurs, there may be some disagreement. But the soundness of the idea is one that which there is general consensus in agreement on, if I hear you all correctly.

And I thank you for being here.

I am going to take a Senator's leave for about 10 minutes here. I have been here for three hours, and I need a break.

Take 10 minutes.

[Short recess.]

Senator Dodd. The Subcommittee on Children, Family, Drugs and Alcoholism will reconvene.

I would ask those speaking in the back if they would take their conversations outside.

This is our last of four panels, and I am truly grateful to our final three panelists for patiently staying around. Hopefully, you have found it to be a worthwhile experience, if you have been here for a good part of this morning's testimony.

These witnesses include, our three here, some of the key community groups with counterparts, I might add, throughout New England and throughout the country, for that matter. And we are honored that you have taken the time to be here with us this morning.

They include Donald Polk, who is the President of the Boston Urban League. Donald Polk will focus his remarks on the importance of parental leave in the minority community, I am told.

Mary Jane Hillary is the State Legislative Chair for the Massachusetts State Federation of Business and Professional Women. This is an organization which Mary Jane chairs, and she seeks to expand and extend business opportunities for women.

And, lastly, Barbara Thorp, who is from the Catholic Conference here in Massachusetts. She is the Director of the Pro-Life Choice of the Archdiocese of the Boston Catholic Conference, and is a professional social worker as well, I am told.

Again, I thank all three of you for coming around and staying here for a good part of this morning.

We will begin with you, Mr. Polk.

Again, we will take any prepared testimony you have. If you want to paraphrase it, make key points. It might help. I will leave that up to you.

Mr. **Polk**. I will do just that.

Senator **Dodd**. Thank you.

STATEMENTS OF DONALD POLK, PRESIDENT, BOSTON URBAN LEAGUE, BOSTON, MA; MARY JANE HILLARY, STATE LEGISLATIVE CHAIR, MASSACHUSETTS STATE FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN, SUDBURY, MA; AND BARBARA THORP, CATHOLIC CONFERENCE, BOSTON, MA

Mr. **Polk**. Thank you very much.

My name is Donald Polk, and I am President and Chief Executive Officer of the Urban League of Eastern Massachusetts.

In the prepared testimony, you have a summary of the Urban League, and I will just say that the Urban League of Eastern Massachusetts, like all other Urban League affiliates around the country, focuses much of its attention and energy on issues related to employment. In addition, we advocate for affirmative action in the public and private sectors as a means of assuring that black people, other minorities, and disadvantaged persons will be able to share equitably in the bounty of America's wealth.

I believe that the Parental and Temporary Medical Leave Act will, if passed and signed into law, go a long way to stabilize employment for people whose work for a given employer is too often brought to an end as a result of staying home for an extended period after giving birth or during the long-term illness of a family member.

Far too many working Americans are too often in the position of having to choose between what is good for their families and the benefits accrued over years on the job. Frequently there is no way to manage both because of the restrictive policies related to extended absence from the job.

The people most affected by these restrictive policies are persons in lower job ranks where the level of skill necessary to perform tasks is less. It is among this category of employees that the large majority of Urban League clients fall.

Despite their years of experience, these people are often regarded as dispensable; and from an organizational point of view, perhaps they are. But who are these people and what are their circumstances?

Most often, they are persons who rely on dual incomes, or are single parents upon whose income the family depends, or are persons who have retired but are unable to make ends meet on Social Security payments, or they are young people just starting out in the world of work without sufficient education to secure professional positions. They are people who want to work, who abhor the idea of welfare dependency, and who often can afford only the most basic health care insurance, if any at all.

These are, in fact, the people who are most vulnerable to work-disruptive illnesses, such as complications with pregnancies, infants with low birth weights, and difficulties from previous illnesses which were not properly treated. They are the urban and world poor and minorities.

The Urban League is also concerned about the unfair burden which falls on women in the workplace. By now, most States have policies which allow a period at home following the birth of a child, and which protect the mother's job during that time.

However, few States protect the jobs of fathers who wish to assist their wives during this period. At a time when the extended family networks are less available to young families, the protections offered to fathers under the Senate 249, promote some degree of equity within the family.

This bill has been characterized by some as benefitting only the so-called "yuppies." However, the people in job categories calling for high degrees of training and skill generally find much more accommodation in their companies because their absence for an extended prior—because while their absence for an extended period creates a more substantial problem, they are also more difficult to replace, as I think some of the employers who testified just before would state.

We also support this bill because the Urban League of Massachusetts is an advocate for policies which promote adoption of minority children.

These children tend to stay in State care for longer periods of time and have much more difficultly in finding permanent homes. Efforts to promote adoption for black children by black families is often hampered, not only by the lack of family resources, but primarily by the inability of prospective families to take time away from work to incorporate the new child into their family.

The provisions of this bill, which cover adoption and foster care, will make a major contribution to the positive futures for the disproportionately large number of black and Hispanic children who languish in the system with little hope of a home that will be their permanently.

We do not overlook the burden this bill may place on some employers. However, the role of Government is often one of balancing risks and burdens of policies so that those who are better able to bear the risks and burdens actually bear them. Today, those least able to bear the burdens are made to carry them. The resulting loss in family stability is immeasurable.

Senate 249 provides sufficient protections for the employer in the form of required notice, as well as not requiring payment for any additional need over and above that which is currently offered as paid leave. There is also the possibility of requiring written certification of the allowable circumstances for which leave under this bill may be granted.

What are the risks for leaving the system as it is?

The primary risk is that there will always remain in America an underclass. However, it will be one whose ranks are swollen by those whose livelihood is threatened, less by their non-productiveness than by their acting wise in the best interest of very young children, or their dutifully caring for elderly parents, or simply following medical advice.

Welfare reform programs, like the Massachusetts Department of Public Welfare's E.T. Choices will lose their impact because single parents will find it necessary to return to welfare rolls rather than to jobs that provide income and dignity. Our society cannot afford these risks.

The Urban League of Eastern Massachusetts applauds the sponsors and drafters of this bill. We pledge to increase our efforts to educate citizens about its benefits and to do what is allowable for tax-exempt organizations to promote its passage.

Thank you for your attention to my remarks.

Senator DODD. Thank you very much, Mr. Polk.

Mary Jane Hillary, we thank you for coming.

Ms. HILLARY. Good afternoon, Senator.

I'm Mary Jane Hillary, and I'm the State Legislative Chair for the Massachusetts Federation of Business and Professional Women.

We were established in 1919 to promote the interests of business and professional women, and we have been endorsing the Equal Rights Amendment since 1922, so we're accustomed to working for legislation that we hope will benefit women, not only in the workplace, but in other areas also.

We view the Parental Leave Act not as a bill whose time has come, but as a bill who was probably due about 42 years ago. Because really the changes in the structure of the family started with World War II, when so many of the women were put into the workforce because they were answering their Nation's call at the time.

We also view it not solely as a women's issue. No matter how far our technology goes, we are still going to need one of each gender to produce a child. And in view of that, men and women are both affected, and we see this bill as strengthening the family structure.

Our approach to it is going to be a little bit different than some of the things that you've heard from my colleagues over here, because we look on this as a two-way street for the employer and employee. I don't see it as just an advantage for the employee at all.

While it does expand a woman's opportunities to remain a contributing member of the workforce, it also reduces her need to depend on tax-supported social services. That is important to all of us, employers and employees both.

By allowing her to use her training, her education, her potential more fully, these assets are being used by that employer. He's getting an experienced, productive member, already known to him, and he already knows where this employee fits best into his or her operation.

As she retains a place in the promotional ladder, and in some jobs we know seniority is a promotion factor, her abilities are already known to the employer. She is a known quantity, he knows about her dependability, he knows about her reliability; and he can better judge who is the right person for the right job at the time he needs to think in terms of making promotion available to somebody.

The best and the brightest people, in applying for a job, are going to start taking into account whether parental leave is being offered. Right now, when they look at the array of help benefits, the pension plans, the vacation policies, all of these are enticements to recruiting. Parental leave is going to be one more that a lot of your good people are going to be looking at.

Leaves of absence are not uncommon in the workplace now. I don't know why people are making such a big deal of them; I see them all the time. I see people applying for sabbaticals because they want to enhance their abilities, which certainly is not any more valid than parental leave. I have seen them given to have people complete an education.

I have even seen a letter in the files giving people a leave of absence to leave the State workforce in order to try the private sector. Certainly, parental leave would take precedence over something like that.

And even the Army, these days, is giving maternity leave. Surely, if they can manage it, I think some of our companies can manage it, too. Certain protections have been built in to protect the employer, and we recognize that is important, also. But we believe that passage of this Act will work to the mutual benefit of employer and employee.

Thank you.

Senator DODD. Thank you very much.

Barbara Thorp.

Ms. THORP. Thank you very much, Senator, for the opportunity——

Senator DODD. Can you speak into that microphone—maybe that one is not working.

Ms. THORP. Is this the dud? Okay.

I appreciate the opportunity to testify this afternoon. And being the last one, I am getting a little hungry, as I imagine all of you are, so I will try and move along quickly.

My name is Barbara Thorp, and I direct the Pro-Life Office for the Archdiocese of Boston. And I am testifying on behalf of the Archdiocese this afternoon. Our interest in the Parental and Medical Leave Act springs from our strong concern for the ability of families to handle all of their primary functions; economic, social and spiritual. We support the Act as a step toward a national policy in support of families.

Due to economic and social change, most families now find it necessary for mothers to be employed, even when their children are very young. Even with both parents working in most families, the median family income in this country has steadily dropped in the past 10 years. A large proportion of families cannot afford to raise children unless both parents have jobs. Balancing family and work responsibilities is an awesome task for which government, employers, and society give little support.

One of the most difficult problems facing young families is the danger that mothers will lose their jobs when they take time off from work during difficult pregnancies, or at the time of the birth, adoption, or serious illness of a child. The loss of a job, and with it, seniority, and health insurance, can devastate a family already struggling with the major expenses of a new or sick child.

In regions of high unemployment, the loss of a job can mean a long spell of joblessness, or a new job at much lower pay, in worse conditions for the mothers. The security of the whole family is jeopardized when the mother's job security is threatened. Mothers in single parent families, often the sole support of children, need protection even more.

The danger of losing a job because of family responsibilities is not limited to women. Very few men work for employers who will permit even short-term paternity leave. Many fathers who are needed at home for brief periods risk firing when they ask for a leave.

The Parental and Medical Leave bill would not only protect families with children, it would protect all families and individuals when a working family member becomes seriously ill, and cannot work for up to six months. The loss of a job and health insurance coverage, just when a worker needs them most, creates a terrible strain on families, as well as on the sick family member.

The United States, rather than offering international leadership with its family policy, lags far behind. Seventy-five countries, including our major trading competitors, have laws requiring employers to provide job-guaranteed maternity leaves. Most countries also protect the jobs of sick or temporarily disabled workers.

The Church supports this proposed legislation, not just as advocates for the family, but also as employers. The United States Catholic Conference and dioceses across the country have found that personnel policies that respect employees' family duties enhance efficiency and effectiveness. Frequently, diocesan parental and medical leave policies far exceed the requirements of this bill.

For example, paid leave is typically available for both family leave and disability cases. The United States Catholic Conference provides up to 18 weeks of paid leave for both serious illness and childbirth. The Archdiocese of Boston provides five weeks paid leave for five years of service, for childbirth. An additional 90 days of unpaid leave are available for childbirth or serious illness.

The proposed bill is very modest. The periods of leave would be relatively brief, and employers would not be required to pay wages during the leave. The provisions of this bill would not create a panacea for the problems of working families, but the proposal is an important first step in the recognition that families need some government protection as they go about their roles nurturing children and the sick. Parents would no longer have to choose between losing their jobs or neglecting their family responsibilities.

We urge you to continue to work for early adoption of the Parental and Medical Leave bill.

Thank you.

Senator DODD. Thank you very, very much, and thank you for waiting this morning, as well, once again.

Let me—just a couple of things.

Mr. Polk, first of all, you brought out a very good point, one that has been raised at other hearings, but not today, here, and it should have been. And we have talked about the newborn child, and we have talked about the seriously ill child.

This year in the Senate, I am charged with the responsibility of reauthorizing, or at least shepherding through the Senate the reauthorization of what is called the "special needs adoption legislation."

This is a bill that everybody supports. This is not going to be a major fight. It has been authorized and reauthorized, in the past. And basically what it does is, encourage the placement of the hard to place children—in many cases, what we are talking about here are children who are mentally retarded, or physically handicapped in some way. Also, we have had a lot of testimony about minority children; in fact, there has been a debate ongoing about that specific issue.

And I have had hearings already in Washington on special needs adoption, with people testifying about agencies and standards that are used for minority families and nonminority families, and how those adoptions—families are assessed in terms of their ability to care for such children.

Everybody supports the idea of special needs adoptions. Everyone thinks it is a terrific idea, and we ought to be doing this, because it is wonderful that these kids get homes.

You cannot find agencies in this country that will allow a family to adopt a special needs child, particularly not handicapped or retarded child, without an agreement that one of those two parents be around for a substantially longer period of time than any doctor would suggest upon the birth of a new child, because of the unique problems associated with a physically handicapped child, or a mentally retarded child.

So here we have business and chambers, and everybody else supporting the reauthorization of special needs adoption; and yet, God forbid if there is a family out there that needs two incomes to survive but is interested in adopting one of these children, because they are out.

So that narrows prospective families down substantially, I do not need to tell you how substantially. It is down to a small percentage of families that can afford to take on those children.

And unfortunately, we have seen, historically, that families in the highest income categories, for whatever reason, are least likely to adopt special needs children. It is usually the working middle income or lower income families that take on these burdens—or blessings, as they would argue—with these children.

So I am glad that you raised that, because it did not come up this morning. We have had testimony in the past, but we ought to do some more in the area of special needs adoption, because it is a major problem.

I wonder if you might comment, though, as well, on what you heard from the last panel of witnesses in business. Minority businesses are not historically large businesses, they are smaller businesses, by and large. What is your assessment of how this legislation would affect minority business?

Mr. Polk: I think it will affect all small businesses, but—and this is what I meant, whether minority or not—that somehow you have to weigh those risks for the employer and the employee.

And I think it was well stated by Ms. Hillery, that workers who are on board for a while, and learn the system—I'm an employer and doing some advocating for this bill. And if I can get a person back who knows the system, even if it takes three months to get that person back, it is harder for me to work somebody else into that system, and to keep doing that. And so I think that in many cases, this will not be a detriment. And as a matter of fact, it might aid some of our minority businesses in being able to bring people on.

In the black community, we have a large number of single parent families. They need to be able to respond to the medical and other emergencies of family members. It is not just the businesses that we are concerned about, it is the community as a whole. But even those families where the family is united, husband and wife, they are usually dual working couples. And so this bill for minority families would be, I think, a strong aid, and I think it will be a strong aid, therefore, also, for the minority businesses.

Senator DODD. Thank you for that.

Ms. Thorp, you operate a hot line here in the City of Boston. How often do you pick up economic factors in family stress?

Ms. THORP. Well, I think the economic factors are always there.

We have a Crisis Pregnancy Hot Line. We don't always have cases where women specifically identify job pressures, or problems of this nature but you have a sense, it is an overall sense of whether they are being supported in their decisions for family, or not supported. So I think it contributes to an overall sense of what our culture and what our society is willing to support. I think I can give you a couple of examples, though.

We had a—I remember one situation where a woman called, who was a young mother, she had three children, married. She was working, the husband—the father—was working the day shift, she was working a night shift, on an answering service. And she had just received a promotion to supervisor, and also found out she was pregnant.

It was a real concern for her, of whether—of whether she would lose her seniority, whether she would even be able to maintain her job. In fact she had made an appointment for an abortion. Fortunately, we were able to give her the kind of support she needed, and she didn't have the abortion.

For another woman the situation did not turn out as well. She was a single woman, in her early thirties, working as a nurse's aide. And she had some health problems. And she knew that her pregnancy would require her to stop work early. She knew she couldn't work through the entire nine months of her pregnancy, that her medical problems would cause her to have to take time off from work, even before the birth of her child. And that was a significant pressure in her life, not to know that she could take a leave, and be able to have her baby, and go back to work again. So it is certainly a significant consideration and pressure on pregnant women.

Senator DODD. Has the Catholic Conference collected any data on women who come in and make the choice, or decide to seek an abortion on the basis of that? How much information is available on that?

Ms. THORP. I really don't know, Senator. I could find out. The United States Catholic Conference may keep some statistics nationally. That is not something that in our office we would be keeping statistics on.

Senator DODD. I would be interested in seeing that. Some of our strongest opponents to this legislation are those who are some of the strongest opponents of abortion, as well, I might add. And it would be interesting to see how that data lined up, if, in fact, an argument can be made here that by providing parental leave and removing some of the stress the people feel, that the number of abortions that occur in this country could be reduced.

Ms. THORP. Well, it is a part of the whole question of what our culture and what our society is willing to do for families. We are paying an awfully high price, the price of our own flesh and blood, in some cases, because of this lack of support for the family and family values.

Senator DODD. I thank you for being here, Ms. Hillery. Again, your testimony was very worthwhile, and helpful. In fact, we have had testimony from members of the organization in Washington, in the past.

And obviously, you have pointed out, and others have, too, the advantages that parental leave can have for business. It does not have to be seen as a burden for business, but rather a pro-business position in terms of hiring, and productivity, and reduction in absenteeism, and the like. Any other additional thoughts you might have on why you might perceive this as a pro-business issue?

Ms. HILLERY. Well, when you asked us to make this brief, being an editor, I did just that. And I think I put everything in here that was going to apply to it. But I think the fact that you have a valued employee who is a known quantity to you, is a tremendous advantage in getting that person back.

Senator DODD. Yes.

Ms. HILLERY. And even when that person's on leave, there is nothing that prevents you from calling them and finding out what is where, what is your experience, what have you done in this kind of a case. So I think it is worth it to keep that person on the rolls.

Senator DODD. Thank you very, very much.

Mr. POLK. Senator, may I just add——

Senator DODD. Yes.

Mr. POLK. One area here that I think is really important, and that is the ability of—at a particular age, in between being a parent to your children, and being a dutiful child to your own parents, and not an aspect of being able to care for other family members, really operates to jeopardize the gains that some people have made.

You know, I am one of those people, by the way, who thanks God that there has been government intervention, and not—where the government legislated morality, so to speak.

But it is a situation that as people have worked themselves into a kind of middle class status—they have not been in that position over generations—that family has not been in that situation over generations—there comes about a tremendous conflict between duty one's own wife and children, and duties to the people who made so many sacrifices so that we could eventually get educated, and get ahead in life.

And I think that this bill, you know, by providing for a person like myself, and my brothers and sisters, to be able to respond to the needs of my aging mother, and take some time for the other family members, you know, is really critical.

It is not very hard to justify—I don't think this is a "goof-off" type of bill, where people are going to be looking for some ways to have some extra vacation time. It is not very hard to document the necessity of taking that kind of time off.

But as a matter of fact, if one has to lose his or her job over that, family stability starts to go crashing. It is really a precarious middle class, if it can be called "middle class" at all.

Senator DODD. Yes, I think that is excellent point you make, Mr. Polk, and I could not agree more with you.

We do not include in this bill the other feature that the House has in its, where adult children can take leave to care for older parents. And a part of it is that I am having a harder time, obviously, in the Senate with this bill, and I have had to look at what we can deal with here.

But I think your point is well taken. I find over and over again the complaints raised by some about the cost of nursing care, and the whole rising cost of Medicare and Medicaid. With people living longer, there is going to be an additional cost associated with caring for older Americans.

We all know that ideally what we would like to see is more families taking care of both their young and old; those who are in the dawn of life, or the shadows, or the dusk of life, as Hubert Humphrey likes to talk about.

And yet, when we try to come up with something that may at least relieve some of the economic—put aside whether you think it is right or not—the economic burdens associated with these issues, we find the same people who are opposed to any of the increases in Medicare or Medicaid also opposing this.

I do not know where they think the assistance is going to come from if we do not encourage more personal involvement, and make it possible for people to do things that they cannot otherwise do under the existing laws. If workers who need leave have to depend entirely upon the largesse of a supervisor or an employer who happens to be sensitive to it, we are in trouble. It is wonderful when employers care, but unfortunately, if we had depended upon that throughout our history, we would be awfully retarded in a number of areas. So I commend you for your last comment, as well.

And we will go on from here to Los Angeles, and to Chicago, and on to Atlanta, and hopefully build up more cosponsorships along the way, and increase some knowledge and awareness of this. But I want to thank all three of you again for waiting so patiently.

In the next city—maybe I should not say this to you—in the next city, we will bring the community witnesses up first, so they do not have to be at the very end.

Mr. Polk. Well, good luck.

Senator Dodd. Thank you, Mr. Polk.

With that, this Subcommittee hearing in Boston comes to a close. I want to again thank all those responsible, who made it possible for us to be in this hall this morning. And we will reconvene the Parental Leave hearings in Los Angeles, in the middle of July.

[Whereupon, at 1:38 p.m., the subcommittee adjourned.]

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